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CANADA'S WEEKLY NEWSMAGAZINE

# Maclean's

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FEBRUARY 24, 1997 VOL. 112 NO. 8

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**Maclean's on the Internet:**  
<http://www.ca/canonline>  
and <http://www.ca/canonline/legalserv> (GO HAGGLEMAN).

©1997 Intel Corporation. No computer can be faster than a processor without MMX technology, as some speed measurements include a little bit of luck.

## Cover

### 12

## On top of the world

Calgary is trying to avoid the "t" word. But as the economic heart of a province that has outperformed the Canadian economy in almost every year since 1990, this city is booming—and confidently riding the peak of the West's new wave



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## The politics of poverty

Canada has the second highest rate of child poverty in the developed world and the new child tax credit gives only a small way to right pervasive wrongs



### 54

## Uncommon remedies

Sales of zinc lozenges and the chinnaeza herb are booming, but experts are not sure why they seem to combat the sniffles



### 28

## Prosecuting evil

Canadian Judge Louise Arbour is pursuing war criminals in Bosnia and Rwanda. Some critics question her credentials for the job

COVER PHOTO BY RANDY KIRK

# From The Editor

## When cuts go too deep

**A**lberta has decided to ban on CIBC's MoneySense last week came as a surprise that a poll in his paper, the *Calgary Herald*, found that 32 per cent of Albertans listed health care and hospitals as the most important issue in the province. The columnists had probably not had the misfortune to be hospitalized recently. It is not a time to be weighed an anyone, anywhere, and certainly not during the current crisis in our health-care system.

Alberta is by no means alone. Across Canada, the system is, essentially, on life support because of federal budget cuts that have trickled down to the provinces, municipalities and hospitals. For people who lack the means to hire private nurses, who cannot go to private U.S. clinics or who do not have personal caretakers—such as a good friend or relative in medicine—Canadian health care, as we once knew it, no longer exists. As Finance Minister Paul Martin presents his budget in Parliament this week, he can take no satisfaction from what his policies have done to deprive the lives of health professionals and their patients. Finance Minister Jean Chrétien may boast that Canada has won the United Nations' lifestyle Olympics, but he will get no medals for his government's woeful performance in health care.

In Alberta, Premier Ralph Klein, calling his election last week boasts about a budget surplus, but his words have a hollow ring to anyone living in hospitals. Typically, our Calgary institutions has had to cut full-time staff so drastically that patient numbers are being brought in from 60 km away to keep some wards functioning. Nurses and doctors are so overworked on acute-care floors that they candidly admit not all of their patients are getting the attention they require. People are bundled out of senior beds and pushed into a meager home-care system that is not equipped to provide the care they need. Others are turned away from emergency departments because there are no beds. For those unable to go home, there is little chance in nursing homes, and the wait lists are growing.

Across the country, a new urgency pervades staffing issues, as



family and friends maintain regular visits, bathing their loved ones, helping with medication and bringing food to the room. This phenomenon is not lost on the brave, over-worked doctors and nurses who struggle to keep the health-care system going. Dr. Carolyn Bennett, a family physician who works out of Toronto's Women's College Hospital, started a recent seminar when she declared: "Don't ever dream of sending someone to the hospital on their own. The family should show up and do shifts. It's just safer." But it is much more difficult, if not impossible, when family members live a long distance from the patient.

Maclean's Senior Writer Paul Kabbah, a Toronto resident, described a case in point—it's over—when he wrote a disturbing account of the care of his father, Munro, a prominent businessman and community leader, shortly before his death at Peterborough Hospital in Sudbey Ste. Marie, Ont., last month. "I was shocked by the grim and griminess of his hospital environment," Kabbah wrote. "My mother and I often found soiled diapers left discarded on the floor by his bed, and unwashed urinals left on the same table that was used for the food tray and medications. I was also shocked by lapses in his basic care, like not getting fed." His article, which appeared in The Sun Star, prompted an official investigation and a statement in the Ontario legislature about hospital budget cuts. Tellingly, others came forward to add their complaints to Kabbah's.

Solidarities abound in many parts of Canada. As baby boomers confront their own mortality, they are wrestling with the care of aging parents. And the message they are hearing from their political leaders is staggering in today's Canada: balancing the budget is more important than dignity for the sick. We have reached a state where men and women can devote a lifetime to their communities, but end their days as outcasts in a system that is being strangled—in the name of progress. Why?

*Robert Lewis*

## Newsroom Notes:

### Covering Calgary

For this week's cover package on booming Calgary, Maclean's turned to Calgary-based Mary Nemeth who has been the magazine's Calgary-based bureau chief since 1994. Since her return, says Nemeth, she has been "struck by the sense of confidence in the city" and its friendliness. "People actu-



Ester (left), Nemeth (right)

ally link to each other as neighbors," says Nemeth. As for the high level of volunteerism, she observes, "Calgary is still small enough that individuals feel they can make a difference. The challenge for the city will be to manage growth."

Saskatchewan-born Dale Ester, who joined the magazine in November, recently moved to the Calgary bureau where he will work while Nemeth is on a maternity leave that will start shortly. Ester counts at the number of fellow Saskatchewaners he has met in Calgary. "My theory," he says, "is it's Saskatchewan that's made Alberta what it is today."



**BOSS**  
HUGO BOSS

Photograph by Richard Arden

# The Mail



Sheldon Kennedy, a need to change attitude

## Vast problem of abuse

Are your kids safe? (Cover, Feb. 10) Leads me to the conclusion that the Canadian public must have an collective hand in the sand. As a social worker in child welfare for the past 20 years, I can safely assure you that child abuse and neglect are of epidemic proportions in Canada. Because the victims are our most vulnerable citizens, it can be ignored to a large degree by our politicians and mainstream media. Hockey player and abuse victim Sheldon Kennedy has publicly exposed only one part of this vast problem.

Bill Warren

Persevera, Minn.

The column accoridng to Sheldon Kennedy for his courage in going public only serves to show the sad way our culture views this crime. Victims should be able to take it for granted that they can be open about the in-

## LETTERS TO THE EDITOR

Letters to the Mail  
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seal and receive society's concern and care. Our culture has denied this process to victims in the guise of protecting their identity. It is too late for protection. Let's blame the Graham James and Paul Bernadas of this society and make them ashamed. Let's support the Sheldon Keneleys and try to change our attitudes so that other victims can be assured it is not their diagnosis, too.

Janice, Galt, Ont.

Our present system aims at punishing the abuser, and rightly so. There are, however, a group of people who are equally guilty in each situation. These are the people in higher authority to the abuser who were informed of the situation at the time and decided to do nothing about it, presumably hoping it would go away. It is not time that we hold a few more people who carry positions of responsibility accountable for what they know and what they do with that knowledge. It is also time our court system made these people aware of their legal, as well as moral, obligations to society. We must all be responsible.

John Trebil  
Grand Falls, N.B. 06

“Are your kids safe?” (Cover, Feb. 10) Leads me to the conclusion that the Canadian public must have an collective hand in the sand. As a social worker in child welfare for the past 20 years, I can safely assure you that child abuse and neglect are of epidemic proportions in Canada. Because the victims are our most vulnerable citizens, it can be ignored to a large degree by our politicians and mainstream media. Hockey player and abuse victim Sheldon Kennedy has publicly exposed only one part of this vast problem.

Bill Warren

Persevera, Minn.

MP Jim Brown's private member's bill advocating the establishment of a national registry of pedophiles is a step in the right direction. But the intent of this registry is, in part, destroyed by Canada's main charge agencies, which are notoriously bound to report pedophiles to the police. Surely it is obvious that allowing convicted pedophiles to change their names makes it easy for them to establish themselves as a new con-

## Comic-book history

It's nothing to laugh about,” says Andrew Welsh, the 82-year-old survivor of the 1917 Halifax Explosion quoted in your recent article about the educational comic book on this subject (“Eastern aftershocks,” “Donning Norms,” Feb. 10). With all due respect to Mr. Welsh and the suffering he endured, was it absolutely necessary to conclude your piece on this note? Frankly, those of us who create comic books are getting tired of defending the basic validity of our art form. Questioning the historical accuracy of the comic book is perfectly legitimate because it is a question of content and execution. It is not valid, as far as I am concerned, to deride the very existence of the publication simply because it is a comic book. As a history teacher, I think that McLennan & Stacey and the CRB Foundation should be commended for finding an innovative, exciting way to teach Canadian history. As an artist, I publicly reserve the right to tell my story—no matter how painful it may be—in my medium of choice.

Mark Stanhope,  
Montreal

many affording them access to new victims. Ironically, it also makes it possible for the offenders to do something that their victims will never be able to do: escape from their past.

Sharron Blum,  
Toronto

## Naming of names'

Contrary to what your article suggests (“Blood pressure,” Canada, Feb. 10), the Red Cross, in seeking leave to appeal to the Supreme Court of Canada in its trying to prevent Justice Horace Kover from blaring current or former Red Cross employees in his final report. The names of individual Red Cross employees and officers involved in these events are a matter of public record. The charges in the notices, however, are based on unsubstantiated allegations and contain language that is equivalent to civil or

## CLARIFICATION

Contrary to information in the Dec. 2, 1996, issue of Maclean's, St. Michael's Hospital in Toronto paid APM Inc. a predetermined fee for consulting services, not a percentage of budgetary savings. APM and the hospital advise that the identified savings exceeded the fee paid by many times.

# the grammy awards









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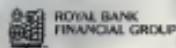
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Backstage



# Anthony Wilson-Smith

## Why Chrétien is rooting for Klein

**S**trange as it now seems, there was a time in the early 1980s when Alberta Premier Ralph Klein—then mayor of Calgary—was suspected in his home province of being a closet Liberal. That, at a time when there were about as many card-carrying Liberals as there would be members of the Bloc Québécois in Alberta today. One cause for curiosity about Klein's political persuasion was his warm relationship with Jean Chrétien, then a cabinet minister in Pierre Trudeau's government. The two men got along "well, in fact, in fact," one adviser to the Prime Minister today insists that Klein used to sometimes tell Chrétien "if you ever become Liberal leader, I'll run for you."

That, of course, never happened. Instead, the temptation is to say that Klein, the leader of Alberta's Progressive Conservatives and head of the most aggressive deficit-fighting government in Canada, turned out to be the antithesis of a traditional Liberal. But it would be a mistake to side the next seemingly logical step and presume that Chrétien and the federal Liberals—who likely face their own election later this year—hope for the worst to happen to Klein and his Tories in the provincial election on March 12. For reasons both strategic and personal, it would suit the Liberals just fine to see Klein re-elected.

For starters, there is the issue of happy precedent. The Alberta Tories have a horse in the race if a loss would constitute an unexpected remarkable proportion, and the federal Liberals, with their own commanding lead, would rather not see such evidence of voter volatility. Chrétien's Liberals and Klein's Tories will run low-risk, safe and identical campaigns. Each will build around the personality of a popular, popular leader who governs more by instinct than analysis.

Besides of that, forget the simplistic notion that the election amounts to a referendum of Klein's budget cuts of recent years. Klein, who has arguably the shrewdest political instincts of any Canadian leader, now refers to the cutout the past year and promises increased spending in key areas, such as health, in coming years. That suggests a belief that anti-government sentiments are receding in Ottawa this week. Finance Minister Paul Martin's pre-election budget is adopting the same tack. Martin is proposing no new spending cuts, announcing some new initiatives in social programs, and offering the simplest guarantee that the toughest limits are over.

Another consideration is Quebec. On that score, Klein is regarded by Chrétien and his advisers as a moderate on most related issues. "His views may not always be ours," says a Chrétien adviser, "but at least he has one." Klein has refused to pander to constituents within Alberta about official bilingualism, and is considered by Chrétien to be open to the idea of giving Quebec constitutional

recognition as a distinct society. With the popularity that Klein enjoys among both voters and his fellow premiers, he could play a crucial role in any future constitutional negotiations. Klein has denied supporting distinct society, but any associate suggests that his reluctance to take such a step is based on the fact he is required under Alberta law to hold a referendum on any constitutional change, and fears the consequences if such a proposal were defeated.

Further evidence of shared sympathies is the lack of major anti-borders issues when they disagree on issues. Maclean has held friends that he considers Alberta Treasurer Jim Dinning—who is not running for re-election—the counterpart that he respects the most among provincial finance ministers. The most severe criticism of

Klein's government from Alberta has come on health care. In a poll conducted last December, 56 per cent of Albertans cited health care as their greatest concern. One reason for the decline in services is cutbacks in federal transfer payments to provinces. But the most important Klein has been moved in his criticism of Ottawa. Similarly, the federal Liberals, who also oppose the introduction of the Canada Health Act, a major election issue, have watched the Alberta controversy from the sidelines. Both sides, it appears, will observe an unofficial non-aggression pact as each other's election. "We see as he won't do anything against Klein, and obviously huge he'll lose on ours," says a federal Liberal planning to run in the Calgary East. All remains unchanged, the Liberals, who are neck and neck with Reform in Alberta in some polls, stand to substantially improve from their poor showing of Alberta's 26 seats.

Then, consider Alberta Leader Preston Manning. Manning, Chrétien and Klein all share an unfortunate propensity for showing up at election time in dark suits in order to prove their regular-lungs credentials. But other than that, Manning is odd out: Chrétien and Klein both dislike Ben Klein, a friend of federal Tory Leader Jean Chrétien. Has nothing to do with the political success of Manning, another conservative Albertan purporting to speak for the West. And despite claims by Reform MPs that the Alberta Tories are their ideological soul mates, the reality is that the eccentric Manning and the bumptious, beer-drinking Klein get along as well as two can at a rock.

Is the Alberta election a microcosm of the national campaign to come? No. Alberta, the most American of Canadian with their suspicion of government and emphasis on individuality, are far from representative of national averages. But along with British Columbia and Ontario, Alberta one of the three provinces most responsible for keeping Canada's economy afloat. Small wonder, then, that when it comes to political lessons, most Albertans feel that is something they are much better placed to give than to receive.

The Alberta premier and the Prime Minister have a warm relationship—and a shared dislike of Preston Manning

# Opening Notes

Edited by BARBARA WICKENS

## Funny about money

It's a David and Goliath story for the 1990s. For the past three years, Richardson Savings—a credit union with 15 branches in the Vancouver area—has been taken on by Canada's big banks in popular, tongue-in-cheek print and radio advertisements. The latest round again focuses on a local financial institution called Hibernian Bank, which has no regard for its customers. In one spot, Hibernian's bank teller, wearing a plaid jacket, says to CIBC across: "Thanks to my bank all my retirement dreams came true." Less pretentiously, featured in each ad is the Richardson Savings slogan, "We're not a bank. We're better."

While the award-winning ads have won over British Columbians chacking, the banks are clearly not amused. "Bank employees are being hit who are conscientious, hardworking and dedicated to serving their customers," says Margaret Eichmiller, B.C. and Alberta director for the Canadian Bankers Association. Two years ago, then-association president Helie Sudler asked Richardson Savings to stop the ads—it was



We built this bank one service charge at a time.



and Little wonder. According to Richardson Savings spokesman Michael MacKenzie, membership has increased by 65 percent since the campaign began late 1986. Assets under administration, meanwhile, have soared from \$1.2 billion to \$2.4 billion. And many Richardson Savings employees think the fact that the big Socabanks posted unprecedented profits of \$63.5 billion in 1986 will only add fuel to the fire. "Our campaign has been successful because it is something people can relate to," says Doug Bellingay, vice-president of financial services at Richardson Savings. "Banks are not exactly held in the highest esteem these days."

Washington. "It is argued America has become a nasty little spygate involving officials of the Canadian and Quebec governments. At the centre of the affair is Keith Keener, 48, a mid-level analyst with the U.S. Defense Intelligence Agency whose boss has our government for visiting his constitutional rights by barring him from taking part in, of all things, an academic con-

ference on Quebec. Canadian officials, it seems, had come to Keener's bosses and, indicating the gathering of personnel information on a fellow foreign resident, Keener said, Canadian Embassy officials confirmed they had valued concern over Keener's view that Quebec independence was the furor. In a court deposition, Keener claims he was approached by a Canadian military intelligence officer who tried to pry from him information about the activities of Marc Bergeron, Quebec's senior representative in

## TECHNOLOGY WATCH

### Cell's distractions

When Dr. Donald Redelmeier telephoned a patient in his car several years ago, the conversation ended abruptly after the patient said he could not talk any longer because he had just been in a collision. Although no one was injured in theender-bender, Redelmeier says the patient made him wonder, as many others have since, about cellular phones, which began to be used in the late 1980s, whether talking on the phone while driving increases the risk of having an accident. As a scientist, Redelmeier, in director of clinical ergonomics of Toronto's Sunnybrook Health Sciences Centre, he is in a position to find out. Last week, Redelmeier and fellow researcher Robert Thivierge published the results of their 18-month study funded by the Ontario ministries of health and transportation, in the *New England Journal of Medicine*. Their findings? The risk of a collision while using a cellular telephone was four times as high as that among the same drivers when they were not using their cell phones. "That relative risk," the researchers say, "is similar to the hazard associated with driving with a blood alcohol level at the legal limit."

Roger Poulin, president of the Ottawa-based Canadian Wireless Telecommunications Association, says members of the industry co-operated with the study by providing cellular models and helping with

and Little wonder. According to Richardson Savings spokesman Michael MacKenzie, membership has increased by 65 percent since the campaign began late 1986. Assets under administration, meanwhile, have soared from \$1.2 billion to \$2.4 billion. And many Richardson Savings employees think the fact that the big Socabanks posted unprecedented profits of \$63.5 billion in 1986 will only add fuel to the fire. "Our campaign has been successful because it is something people can relate to," says Doug Bellingay, vice-president of financial services at Richardson Savings. "Banks are not exactly held in the highest esteem these days."

methodology. "It's an excellent study although we'd like to raise some questions about some of the finer points," he added. In particular, Poulin said he was surprised by the finding that phones that allowed the hands to be free did not appear to be safer than hands-free ones. "If that data is true, the simple act of having a conversation with a passenger could also be a hazard," he said. Redelmeier, too, was surprised by the finding. And while the study did not address that particular issue, he said the two types of conversations are different for any number of possible reasons. "A passenger is not just a distraction, but can be a real help," he explains. "They can be sensitive to roadway conditions."



Taking over Prichard's office, see news

### Protests, '90s-style

A year ago expected battles for increases in student fees at the University of Toronto ignited a series of Ontario protests when they set up camp at the office of president Robert Prichard last week. Their actions prompted students at York University and the University of Guelph to follow suit. Meanwhile, students at Ryerson Polytechnic University gave president Claude Lévesque the cold shoulder by delivering 30 blocks of ice weighing 400 lb. to his office. "This is a message to Claude to lower tuition now," said Victoria Bowman, president of the Ryerson Students' Administrative Council.

The protests follow an Ontario government decision to allow universities to raise tuition fees 10 per cent for the academic year beginning in the fall. In the past two years, tuition fees have risen by 30 per cent at Ontario universities, putting them at around the national average. The blue would put the maximum full-time undergraduate tuition at \$3,228, up from the current \$2,828.

The presidents of Toronto and York universities indicated that because of grant reductions, they still intend to recommend the tuition increases to their governing councils. Administrators at Guelph and Ryerson have yet to decide whether to pursue an increase. Despite the protests, the universities' 10-per-cent solution seems certain to become Ontario students' 10-per-cent headache.



### No Moonies there

The *Washington Times*, the U.S. capital's No. 2 paper, has had an image problem ever since it was founded in 1982. It is owned by the Unification Church of Rev. Sun Myung Moon, though as pages do not reflect any obvious religious influence from the controversial church, beside the newsmen, however, it is a different matter. About a dozen of the roughly 1,000 editorial staffers are church members, and employees who do not belong to the group have found an unusual way of referring to them. It is considered impolite, not to use the name Moonie, to use the prefix to his Moonies—so some staffers privately refer to them as "Canadians." No one knows why Canadians was adopted as a race word, but one employee says it's a matter of being respected. "After all," he adds, "they sign our paychecks."

## BEST-SELLERS

### FICTION

1. *Reindeer Games*, Irvin Schreiber (U)
2. *Westworld*, Michael Arnheim (U)
3. *Follow the Sun*, Ann Arbor (McDonald (U)
4. *Home Is Where*, Patricia Cornwell (U)
5. *The English Big Guy*, Guy Fawkes (U)
6. *The Tales of Piranha*, John Gutfeld (U)
7. *The Devil and the Doctor*, Jennifer McMahon (U)
8. *Arbiter*, Michael Crichton (U)
9. *Two Weeks Notice*, Nancy Frank (U)
10. *Let There Be Love*, Jennifer Smith (U)

### NONFICTION

1. *Death and Life*, Richard Pfeffer and David Stupple (U)
2. *Simple Machines*, Steven St. Brieux (U)
3. *The Renaissance*, Anthony Powell (U)
4. *Sea in the Tropics*, Michael Malone (U)
5. *Keynes*, Michael deadd (U)
6. *My Songs*, Abbie Hoffman (U)
7. *City People*, William Manchester (U)
8. *Running at the Starting Gate*, Michael Lewis (U)
9. *The Iron Arrow*, Timothy Findley (U)
10. *Let There Be Love*, Jennifer Smith (U)

1. *Monsters on our road*—Courtesy of Brian Bothwell

# Passages

**MARRIED** Vancouver singer-songwriter Sarah McLachlan, 29, and Calvin Gold, the drummer in her band, while on vacation in Jamaica. The two, who have worked and performed together for about five years, have been dating for about two years, according to a spokesperson for McLachlan's indie record label, record company Nettwerk Productions in Vancouver. She described the wedding, which took place in a gazebo overlooking the Caribbean, as "very spontaneous." McLachlan and Gold were in Montreal recording McLachlan's new album, which is scheduled for release in June, when they took a break and flew to Jamaica.



**LOST** A \$230 bill about the existence of singularities, elusive aspects of black holes in outer space, by physicist Stephen Hawking, 55, of Cambridge University in England. Hawking, whom many scientists regard as the intellectual heir of Albert Einstein, paid off law physicists John Preskill and Kip Thorne of the California Institute of Technology after a computer model showed that a singularity is theoretically possible.

**RETIREMENT** Sixty-year-old Bob Engel, who was 1986 World Cup champion in 12 seconds after inking his back in Seville, Italy, has sold his 1986 World Cup trophy to a collector for \$10,000. Engel, 56, a staff writer of *The New Yorker* and chairman of Asia-American studies at Harvard University, professed black American men, including James Baldwin, Colin Powell, Harry Belafonte and Louis Farrakhan.

**POP MOVIES**

### Chandler rushes in

In the romantic comedy *Food Rush* in, Canadian Matthew Perry—Chandler in the hit sitcom *Friends*—is a stranded Mountaineer who falls in love with a very Moonie-American, played by Mexican movie star Selma Hayek. The story is based on the real-life courtship of problem Doug Draxton and Anna Maria Cesar.

For more on *Friends*, contact according to her office: *Food Rush*—the seven-city tour—(800) 227-1234; *Friends*—(800) 333-7373.

1. *Die Welle* (2000) \$2,430-\$2,650
2. *Reindeer Games* (2000) \$2,124-\$2,140
3. *Evil* (2000) \$2,000-\$2,020
4. *The English Big Guy* (2000) \$1,470-\$1,500
5. *Two Weeks Notice* (2000) \$842-\$858
6. *The Renaissance* (2000) \$820-\$838
7. *Arbiter* (2000) \$723-\$739
8. *Two Weeks Notice* (2000) \$226-\$229
9. *Let There Be Love* (2000) \$204-\$210
10. *Reindeer Games* (2000) \$189-\$190

Source: *Entertainment Weekly*

**BORN** To pop superstar Michael Jackson, 38, and his wife of three months, Debbie Rowe Jackson, 37, a baby boy, Michael Jackson Jr., in a Los Angeles hospital. The hospital provided few details, other than the fact that mother and child were both doing well. More star Elizabeth Taylor will be the godmother.

**BORN** To Jane Cappell, 32, the leather lover of rock musician Motley Crue, an eight-pound, 10 ounce daughter, Bailey Jean, in Los Angeles.

## Keener on a Canada watch

Washington has become the improbable venue for a nasty little dispute involving officials of the Canadian and Quebec governments. At the centre of the affair is Keith Keener, 48, a mid-level analyst with the U.S. Defense Intelligence Agency whose boss has our government for visiting his constitutional rights by barring him from taking part in, of all things, an academic con-



*The sprawling city: the nation's centre of gravity is shifting perceptibly west*

# On Top of the World

Calgary is a powerhouse of the 'new' West

BY MARY NEMETH

**C**algary is a city of sleek glass office towers and sprawling condominiums, a place where the sun usually shines and the wind usually blows. It has a freshness about it, a vibrancy, a sense of confidence and newness. It likes to see itself as a place on the edge of the frontier, where people put greater stock in entrepreneurship than they do in fine manners or old school ties, where cowboy hats bob unmercifully past pin-striped suits down town. It is also conservative, some-

times even a bit parochial. It has one of the youngest, most highly educated populations in the country. And yet when a local theatre company stages a play with gay themes and nudity—even a Pulitzer Prize-winning one—it sets off something of a tempest. And when winter drags on and cans begin to settle and bounce along snow-rutted residential streets, some Calgarians put immigrant letters of complaint to the local newspapers. That others—frequent fiscal conservatives—wrote to cheer the city's austerity. Who needs snow plows, anyway? There will always be another warm chinook wind to melt the snow—or another oil price hike, another rally on the market, another world event

to raise spirits, like the Olympics or perhaps an Expo this time.

The confidence is palpable. Calgary is booming—creating jobs, building houses, expanding the economy at break-neck speed. It is an ideal economic backdrop for an incumbent government—especially since growth in Calgary and the rest of Alberta have helped Premier Ralph Klein and his budget-cutting Tories deliver a \$2.2-billion surplus in 1996-1997, according to the provincial budget announced last week. Klein seized the moment to call a provincial election, in the wake of recent polls showing his party with a commanding lead (page 200). But regardless of the judgment of Alberta voters, the

**Canada**

**COVER**

PHOTOGRAPH BY  
PETER BROWN/BLACKSTAR





On the move: an urban lifestyle of running, cycling and in-line skating

## Setting the fiscal pace for Central Canada

COVER

Klein government's deep spending cuts have already had far-reaching ramifications—crushing Ontario and Quebec to gain the budget-slashing benefit. That Alberta is setting the fiscal pace for Central Canada is itself remarkable—a sign of the West's growing political influence. The region certainly has more economic clout than it used to—and a new sense of its own importance. Even the so-called have-not provinces of Saskatchewan and Manitoba have been gaining ground (page 32). Of late, British Columbia, the non-oil-based part of the western provinces, has seen its housing economy slow down. Alberta is now expected to grow even faster than its western neighbour—but both have a enormous price tag. Although British Columbia and Alberta account for only 39 per cent of the Canadian population, they produced nearly half the new jobs in the country last year. Mighty Ontario produced most of the rest. "Toronto will still remain the dominant city," says David O'Brien, chairman, president and CEO of CP Ltd., which moved its principal executive offices to Calgary last year. "But the West will be much more powerful in the Canadian economy in the next 20 to 40 years than in the previous period."

In Calgary, a city riding the peak of the western wave, many locals still mutinied by the loss that followed the last rash of success refuse to speak the boom word. One of the local newspapers even has a front-page headline explaining how the city is only "booming," not bursting. And this boomer's index can describe than the last—construction cranes are absent where once they cluttered the downtown skyline. Still, Calgary is the economic heart of a province that has outperformed the Canadian economy in every year since 1990 except one, according to Intertek, an Ottawa-based economic research and forecasting firm. Hill's contrary after-dinner first of year, near Lethbridge, Alta., setting the province as a course towards prosperity, most forecasters are now predicting that Alberta will either lead Canada or come a close second to a resurgent Ontario in 1997.

The Conference Board of Canada puts overall GDP growth in

Alberta at 3.2 per cent in 1997, compared with a national rate of 2.9 per cent. John McCollum, the Royal Bank of Canada's chief economist, says that

while all of Canada will benefit from low interest rates, Alberta has the added advantage that the provincial government seems to have finished with budget cutting. The province also enjoys a prosperous birth economy and strong oil prices. And diversification into sectors like petrochemicals and high technology, along with reductions in the cost of oil recovery, mean that Alberta is less vulnerable to oil price drop than it used to be. "I think that Canada will lead the Group of Seven in growth in the next couple of years, that Alberta will be number 1 in Canada—and Calgary is at the core of Alberta," says McCollum. "So it is a future Calgary on top of the world."

That might explain the optimism with which Calgary is preparing to host a world Expo in 2005, a human challenge to a larger Expo proposal from Japan—and a clear effort to re-create some of the excitement of Calgary's 1988 Winter Olympic Games. That same enthusiasm is evident in the city's lifestyle. By day oil geologists as well as executives, Calgaryites outdoor activities—hiking or skiing in the nearby mountains, or running, cycling and in-line skating along the 330 km of pathways that snake through town.

On cold winter evenings, it is a common sight—fishermen all hoisted against the gale, gazing at the setting sun as they Wade in the Bow River running through the heart of the city. In winter, dressed in the big one, are confied to stores like Country Pleasures, where enthusiastic broncos strum the rods and widens and the well-made hood of feathers, hats and other paraphernalia waiting to be fashioned into hats. Jim McLennan is an author and part owner of the store. And he maintains that there is no other front street in the Bow River's quality near any other city of Calgary's size. "The wonderful luxury about living here," says McLennan, "is you can go

home and read the newspaper, put the kids to bed and go out and fish for an hour at 8:30 in the dark. And fly fishermen in other parts of the world are very jealous of that."

Some of those outsiders are moving in—although up-ticks is not the only reason. The latest data is employment in Calgary up 22,600 in jobs last year, and the population is up to 767,229, a jump of 11,000 over the previous year. Even "Gillian" in a Canadian Pacific Railway employee, who has moved with her son, Townsend, daughter, Emily, when her company transferred to Calgary is impressed by what she calls the "whole transformation" of Calgary, especially the housing market at the high-end residential levels. "I do think that trust passengers to buy tickets, although they do wear seatbelts well," she would never in a million years get that kind of "Gillian" says. She also likes the friendliness of neighbours and the city's open sense of confidence. "It's a vacation," she says, "this winter that we're in a happening place. It reminds me a lot of New England in the early 70s—a place to be proud of."

Signs of Calgary's flourishing economy are everywhere:

- The city is now second only to Toronto as a corporate head-quarter city, in terms of the 92 of The Fortune 500 top 500 firms, listed by 1995 revenue. Toronto has 218.
- Calgary has the lowest job-unemployment rate of any major centre in Canada, just 6.5 per cent. The national rate is 9.7 per cent.
- Oil prices outstripped expectations in 1996, when Canadian crude oil from Edmonton averaged \$21.44 (US\$3.1) a barrel. Although oil prices have digged recently, crude was trading around \$36 in December—the highest prices since the Persian Gulf War of 1991.
- Corporate income tax receipts in Alberta grew by 28 per cent in the 1986-1996 fiscal year. And for the first time ever, non-residents paid more of that corporate tax than did the mining and oil wells sector.
- On the residential front, Calgary had a 1.5 per cent apartment vacancy rate, according to a fed survey by the Canada Mortgage and Housing Corp. And per capita, it had the most single-family housing starts of any large Canadian centre last year.

Even after space is being snatched up as local businesses expand and new ones arrive, an office vacancy rate that ran as high as 20 per cent in the early 1990s has now tumbled to just 9.7 per cent—close points lower than the average in major Canadian markets, according to Royal LePage and Commercial Inc. Calgary Mayor Al Duerre argues that lifestyle has a lot to do with the growth in the highly mobile technology sector. "You're seeing it in the United States," he says. "You're seeing people moving out of Southern California to the Phoenixes and Denver. The endemic cause? And People are doing it for lifestyle reasons."

Calgary has also diversified into fine chocolates, furniture-making, even its very own industry CP Rail moved about 800 employees from Montreal, Vancouver and elsewhere in North America to the city. The principal

—Gillian with daughter Sasquatch: "we're a happening place"



O'Brien: Calgary has "gradually grown up" in its status'

executive offices of its corporate parent, CP Ltd., soon followed. Chairman O'Brien says both cities deserved because the bulk of their business happens to be in Western Canada. But the companies, he adds, also had to pick a site where they could fit-in and retain staff. "There's no question there is an image of Calgary being less cosmopolitan than, say, a Toronto or Montreal—evident it is less cosmopolitan," says O'Brien. "But for many people, it offers advantages that outweigh that."

On the plus side, O'Brien cites "a good family lifestyle," easy transportation, enough arts and entertainment, and lower housing costs and tax rates than some other centres. All but one of the 20 railway companies took up the offer to move. "So that's a pretty good testing coverage," O'Brien says. "You have to encourage that some people were based in Vancouver and they might have viewed it as Lethbridge—except when they got there, they thought, here and they realized that a lot of it stayed with them." O'Brien, who moved from Montreal himself in the late 1980s, says Calgary was "kind of the new rich boy in the 1970s and early 80s." But the city, he adds, has "gradually grown up" in its status.

In fact, the new players like CP Rail have helped shape a corporate landscape much changed since the low point. Those were the days when petro-tycoon Peter Lougheed ruled the province, when oil was first transforming Calgary from a sleepy Prairie community to a high-growth power centre. Offered a cocktail circuit above with lots of fortune and spent. It appeared the gleaming office towers down town and produced the government revenues to finance the light rail system, major road developments and the purchase of large tracts of public land. And yet the boom led, inevitably, towards a bust of the early 1980s—a traumatic period of bank ruptcies and mass layoffs.

Combined with a federal high interest rate policy designed to cool an overheated central Canadian economy, that bust also forced a model of re-orientation on Calgary," says Mayor Duerre. "A lot of the downscaling or right-sizing, whatever the

current jargon is, that most other parts of Canada are just learning about, started really in Alberta in 1982. And when we had the national recession in the early 1980s, Alberta didn't suffer very much because we had been through it all."

The oil industry has indeed become much leaner since it has diversified its operations, expanding operations from Telford in South America and Asia. And that, in turn, seems to have had an impact on local tastes—even tastes in food. The local culinary scene, once confined to such houses, dicey hotels and a few Chinese or Indian restaurants, has become more cosmopolitan. It has happened partly because Calgary grew big enough to support variety, partly because the mounted police community has responded to immigration and changing eating patterns—and partly because of the internationalization of the adapting. "It's going to an Indian restaurant," says local CBC television reviewer John Gisholt, "you see all those Indian engineers there because they worked in southeast Asia, they're familiar with the food."

That does not mean Calgarians have forsaken the steak supper—or the Wild West mythology that gives the city a satisfying self-image. Its most tangible manifestation is the Stampede, the 10-day rodeo and fair held in early July, when everyone from executives to bank tellers don jeans and cowboy hats. ("I had heard you could wear jeans, but I didn't know you had to," said one Montreal transplant "marvelled." To discover she was the only one in her office donning in regular business dress her first day at Stampedeland. There are also Western bars in Calgary like Ranchette—a lounge for urban cowboys as well as real rodeo referees—and horse-cowboy sculptures in the postcard of company offices.

Not all of it is mythology, either. Evidence of the city's true Wild West heritage can be found at the Glenbow Museum downtown, in a room that sports photos of early marshals, lots of harried men and wooden boards blackened with cattle brands. The first cowboys in the area were Americans, mostly Texans, hired by large landholders in the 1880s to drive herds of range cattle from Montana or Wyoming to Alberta, says Hugh Dempsey, Glenbow's affable 67-



**Center** *Emmett Dempsey: first cowboys in the area were Americans*

year-old chief curator, originally from Banchory, Scotland, but now primarily focused on the other 40,000 brick tiles, and early visitors to Calgary mentioned in the cowboy's history. The Calgary Stampede incorporated what had been with them only an intermittent Stampedee into an annual event—organizers realized that Calgary could cash in on its unique "look to the west." They brought the chuckwagons and were making露露 downswings, with cowboys riding through the crowds, riding pretty "wingshorses," says Dempsey with a smile. It all began, drawing from the romance of Hollywood movies and pulp fiction.

Beyond the colorful trappings, Calgary entrenched some genuine western values that endure today. According to University of Calgary political scientist Roger Gibbons, there is "a spirit of independence or self-reliance and, somewhat paradoxically, a commitment to the community, a belief in voluntarism—the 'blessedness' for this is the best description." That legacy has translated into almost a social obligation. According to the Coalition of National Voluntary Organizations, 39.5 per cent of Albertans volunteer, more than in any other province. About 8,000 Calgarians helped stage the Winter Olympics, and another 1,700 work year-round on the Stampede Rodeo. Enthusiastic, a public relations consultant, played a local agency last December in effort to help serve disaster for the homeless. "I couldn't believe it. I had to take a reservation," she says. "I think the first available date was February or March."

At the same time, the climate in Calgary is no more merciful than it is elsewhere in the prairie south. Sessions, executive director of the Construction Housing Society of Calgary, which he runs as individuals and families facing housing crises in Calgary's tight rental market, used to work in Toronto and Whistler. She was surprised at first how the traditional charity approaches failed in Calgary—"you had a radio and no one buys a ticket." This is not that people are

greedy, she says—just that Calgarians better understand a relationship-based honours system. Now, the Towns Committee as part of the business world, "You're selling a bad story," she says firmly. "You're selling a solution, and you're asking them to trust that you will be the vehicle to that end."

Kondor says she expects that the ongoing boom will need even more funds flowing to nonprofit agencies willing to work in partnerships with business. That the good economic times are not automatically alleviating the poverty that Racine's group and others are encountering. The Calgary Inter-Faith Food Bank Society gave out 38,568 hampers last year, a 33 per cent increase over three years earlier. And the local drop-in centre has seen its clientele increase by 70 per cent in 20 years. Advocates for the poor cite a variety of factors, including government cutbacks to welfare and other support programs. Good economic news, they say, is driving job seekers from other provinces, and some new arrivals are simply not able to step into high tech jobs. Others point out that growth in employment among the young is keeping up with the economy.

Even some families with jobs are finding that Calgary's boom is painful. They say Beverly Nelson's husband works as a welder, but she says she recently had to quit her job as a beautician because they can't afford day care for their two young boys on what she was earning. She says that her family had to move out of their apartment because they cannot afford their rent—more than half her husband's take-home pay. Nelson, 35, says she expects that builders will make money in a booming housing market and that landlords will be able to charge higher rents. But for her family, Nelson says, the boom will have a more significant impact on their cost of living. "I think the only thing this boom will do," she says, "is make the rich richer and make the struggling struggle even harder."

It is a sober reminder that economic good fortune is not evenly distributed and the many costs associated with a boom can leave some people worse off. Some social advocates are calling for more support for education and training programs. And groups like Calgary's drop-in centre are hoping to find a way to spread the wealth by opening up their own businesses; they even have some local business leaders lined up to help solve them on how to do it.

All this, of course, guarantees that the economic growth will continue—and Calgarians recall all too vividly when it came to a screeching halt. This time, the growth is not quite so rapid, or so dependent on a single commodity. A cautious optimism prevails. No one expects the city to duplicate Toronto's economic, not to mention political, might. But the nation's centre of gravity is shifting perceptibly westward. And when the pendulum comes to rest, Calgary seems destined to be one of the nation's new powerhouses. □



**Right** *Boasting Edmonton with unabashed optimism*

Smith is so unabashedly optimistic he sounds almost Calgarian. Since his election in the fall of 1995, he has been touring and boasting Edmonton across Canada—and as far afield as Mexico and Japan. His city has traditionally been the centre of Canada's petroleum service sector, and is now profiting from booming oil and gas. Unemployment is 6.1 per cent, higher than the 6.9 per cent provincial rate

but still lower than the national rate of 9.7 per cent. And housing starts grew by 18 per cent to 2,638 last year. Even the long-neglected downtown is enjoying some renewed attention—for one thing, the old Union Bank building on Jasper Avenue will soon open as a small, European-style hotel.

Local boosters even put a spin on the fact that Edmonton's growth is still not reaching Calgary proportions, according to Smith, that may make his city even more attractive to potential investors. "The economy of Calgary has seen, for a number of years, for faster growth," he says. "As a result, costs are a little higher there." Smith and other civic leaders, though, are anxious to be unboasted. "There's no excuse. Calgary is a very significant head-office city now," acknowledges Rick Lalachair, president of Economic Development Corporation Edmonton. "But Edmonton is a very significant manufacturing, supply-and-service and transportation hub." That may not sound like the stuff of great urban rivalry—but it does reflect a renewed confidence in Alberta's capital.

M M



**Bottom** *Hot springs—the incentives are at Calgary's doorstep*

## An object of envy

**I**t is a cloudless day in the mountains, with the sun glazing off the crisp white snow. The Little Lakes site here is a flurry of activity, with the colorful jackets of skiers and the muted blue and green gear favored by young snowboarders. Foreign languages and accents abound—some 40 per cent of the resort's business comes from so-called destination skiers, who fly in from such places as Japan and Britain. But the rest of the more than 500,000 skiers who visit Lake Louise annually arrive by car, and most of them come from southern Alberta, especially Calgary, just 150 km to the east. And Lake Louise, close to the B.C. border in Banff National Park, is just one of five mountain ski areas within a two-hour drive of Calgary. "People who live in other parts of the country or the world are envious of people in Calgary," declares Jim Shea, a Hamilton native and the deputy general manager of Lake Louise and three other resorts in the area. "They have such a great opportunity with this mountain right at their doorstep."

It

would not be an exaggeration to say that Calgary's biggest attraction is not in the city at all. It lies to the west, where the rolling Alberta foothills abruptly sharpen into the rocky peaks of Kananaskis

## The capital gains

**F**or a while, it seemed as if Edmonton was ready to surrender. After its century-old battle with Calgary for municipal supremacy in Alberta, the capital seemed wounded by the loss of thousands of provincial government jobs and its inability to match its rival's dynamic growth. But things seem to be looking up. The provincial budget cutting is over. Ottawa is transferring some 3,500 military personnel from Calgary and CFB Wainwright, B.C., to Edmonton. And there are major projects in the works, including billions of dollars of private investment in the oil sands of northern Alberta and plans for a diamond mine in the Northwest Territories—from which Alberta's self-styled "Gateway to the North" expects to reap substantial benefits. "I said from the start that 1996 would be a turnaround year," says Major Bill Smith. "That's happened. 1997 will have good growth, and over the next three years we'll have unparalleled growth."

# Swinging times

PHOTOGRAPH BY PETER BRIGGS/MAGNUM

## COVER

For 16 days in February 1988, Calgary hosted an Olympic extravaganza that put the city on world maps and left a legacy of facilities ranging from Canada Olympic Park to the speed skating oval to the Olympic Plaza downtown. The Games also gave Calgary—once divided as a mere cow town on the Prairies—a sense that it could play, and won, on the international stage. And while the city has been buffeted by the tides of economic fortune, it is now firing on all cylinders—and breaming with confidence. With oil and gas, high technology and a range of corporate headquarters, Calgary is riding a Western wave—and pursuing its bid to host a world Expo in 2005.



Ladies' night at Cowboys Bar and Grill bar; Calgary skyline (top); Encana Market (below); vibrancy



At the Cowboy Festival, selling souvenirs of a Calgary Flames game (right); creating jobs and expanding the economy at break-neck speed



Light-rail transit on Banff system



Getting a shiny, native pat in Calgary Plaza (below); rockin'



On patrol; at the YMCA (below); business principles rule





# In the money

Riding high,  
Ralph Klein  
calls a March  
election

**F**irst came the much anticipated budget—and the announcement that Alberta had not only finished the 1986-1987 fiscal year with a meagre \$22-billion surplus, but could run an \$800-million surplus next year. Then, as expected, the oil sheaf dropped. Minutes after Treasurer Jim Downing tabled his document, Premier Ralph Klein ended his much-anticipated election speculation by telling the legislature that Alberta will go to the polls on March 21. Blasted by the success of his tough budgetary policies, the good news of recent oil-sands polls and a provincial economy riding high on a resurgence of the oil and gas sector, Klein could not resist a parting, partisanship of the opposition. Just before issuing the election call, he turned to the Liberals, bemoaned, "We had a great 'So long,' said the premier, whose Tories had 54 seats to the Liberals' 29. "I don't think we'll be seeing each other again."

The legislature instantly dissolved into a moneyless chaos as government members erupted into gales of laughter and the Liberals shared back scratches. Given the political hedging in the 38-day campaign began, it was hardly surprising that Klein's jibe ignited passions. Fists had been short for days as observers wondered, will he or won't he? When he finally did, Klein moved in the knowledge that, for now, many Albertans stand behind him. In fact, an Angus Reid poll on the eve of the election call gave the Tories 53 percent support, with the Liberals at 24 percent and the New Democrats at 11 percent. That prompted some analysts to project that, if those numbers held, the Tories could win a landslide victory in the province's 83-seat legislature—remnant of the 1970s when the party under Peter Lougheed ruled Alberta as a virtual one-party monopoly. "If Klein gets 60 percent of the vote, he could win 80 seats," says Paul McLaughlin, a veteran political analyst and publisher of *Political Scan*, an Edmonton-based newsletter. "It's that simple."

Are the Tories vulnerable? Maybe—and, ironically, thanks to a concept all but unknown in modern Canadian politics, governing with a surplus. The battle against the provincial deficit has been won, and the surplus is now earmarked to be applied against the province's \$8-billion net debt. But after four years of cutbacks and government

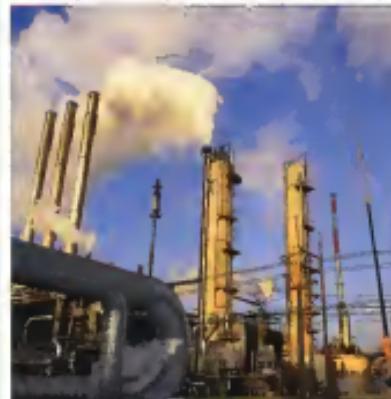
mastery, some Albertans are calling for the money to be plowed back into health care and social services. Liberal Leader Grant Mitchell is among them. Arguing that the province's money economy is not the result of Tory budgeting—"Oil prices didn't respond to a balanced budget," he notes—Mitchell says it is time for a more humane, and Liberal, government. "The election is about different values," he declares. "This is a government concerned only about money and the bottom line—we want to focus on the needed people."

For NDP Leader Paul Barfoot, the election revolves around getting New Democrats back into the legislature after being shot out in the 1985 election. To this end, the party is focusing on 15 seats, most of them in Edmonton, that it believes are vulnerable. But last week, Barfoot was not exactly brimming with confidence. While fielding reporters' questions, the "People's" voters to elect at least four New Democrats as the party could get official status in the legislature. "Our primary concern is these guys [the Conservatives'] winning in record numbers," he said. "If they do, ideology will take over from what little common sense they have."

Klein, meanwhile, says that his campaign will be based on his government's record and a continuing commitment to a balanced budget without tax increases. In the past, he has responded to public pressure in 1985, faced with swelling support for a strike by hospital laundry workers, by responding by cancelling some planned planned health-care cuts. But he now shows no signs of altering his course of using surplus money for debt reduction, and is not offering voters any new tax relief. Late last week, as the campaign got off to a slow-key start, he promised nothing more than to fix some of the province's highways. Alberta, Klein says, are not looking for anything else—"Just good common sense, good housekeeping and down-to-earth government." If the polls are any indication, he just might be right.

DALE REISLER in Edmonton

**Black gold:** the oil and gas sector has fueled a \$2.3-billion surplus



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# Prairie cousins

Saskatchewan and Manitoba are also prospering



Last fall's  
harvest brings back  
our economic  
muscle

COVER

In some Alberta business circles, Saskatchewan is referred to as "the old country." That condescending remark might irritate some of the thousands of expatriates who have migrated to Alberta, but others no doubt would agree. And it still underscores how Alberta's economic dominance has relegated Saskatchewan—and Manitoba—to the status of poorer Prairie cousins. There is no denying that Alberta's economy—and Calgary's in particular—has been a magnet, drawing people from Saskatchewan and, to a lesser extent, Manitoba, to the "new" West. Almost 311,000 of Alberta's 2.8 million inhabitants came from Saskatchewan, making it the single largest contributor of people to Alberta. (Ontario, with 10 times Saskatchewan's population, ranks a distant second with 152,000 former Ontarians now in Alberta.) Opportunity is the lure. "There is something about Saskatchewan that until a week earlier in people," says Brad McCaig.

McCaig should know. Born in Moose Jaw, Saskatchewan, he moved to Alberta in 1964 and is now the chairman of Calgary-based Tri-Nex Ltd., the largest bulk commodity trucking company in North America. He is also one of four Saskatchewan-born owners—out of nine—of the Calgary Flames, and chairman of the Calgary and District Health Authority. The Saskatchewan influence extends deeply into Alberta, comprising nearly—even politics. Calgary Mayor Al Davis is a native of Humboldt, Sask., who came to Calgary in 1993 as a Calgary city planner. He admits that Saskatchewan was, which for years suffered from a net outflow of people, has always existed in the shadow of Alberta's economic attractions. But times may be changing. "I think Saskatchewan has gone through an economic series set," Davis says. "And the migration to Alberta might not be as heavy as it was."

In fact, even as Alberta reemerges as an economic powerhouse, Saskatchewan and Manitoba are finding their own economic muscle

For example, Saskatchewan boasts Canada's lowest unemployment rate: 6.3 per cent, compared with a national average of 9.7 per cent. A once-dwindling population has been growing since 1995 and now stands at over one million—while the province's farm sector only a strengthening it has been in more than a decade. The story is much the same in Manitoba. Unemployment is expected to fall to 6.6 per cent this year from a high of 9.7 per cent in 1993, the economy has grown by 8.8 per cent over the past four years, and population is up by 28,000 over the same period. In its 1996 economic review, the Conference Board of Canada proclaimed that Manitoba's economy is "going on all cylinders."

Part of the reason there have been stark political differences between Alberta and its Prairie neighbors, particularly Saskatchewan. Vigorously free-enterprise Alberta has elected successive Social Credit and Conservative governments since the discovery of oil in 1947. Saskatchewan has remained largely the domain of the NDP and its precursor, the Co-operative Commonwealth Federation, with government enterprise as the preferred instrument of development. Now, ironically, the same set of tools Alberta has given Saskatchewan's economy a shot in the arm. Last year, 2,880 oil and gas wells were drilled in the province, a 34-per-cent increase over 1995 and the second-highest annual number on record.

Much of the excitement in the Saskatchewan oilpatch centres on a major deep-well discovery in the province's south as announced last year. But the oilpatch sector is also flourishing with production of more than seven million tons in 1996, only slightly short of 1995's record levels. Agriculture, meanwhile, long the backbone of the Saskatchewan economy, is stronger and more diversified than ever. Farmers have adapted to the 1995 loss of the Cowsit rate subsidy that provided cheap transportation for wheat by diversifying into other crops such as canola. Helped by a record grain crop of 25 million tons during a period of strong world prices, farmers' net income last year is expected to total close to \$1.5 billion when all the figures are tallied. "That would be an increase of more than 50 per cent over 1995. I remember hearing years ago that Saskatchewan has a 'POW' economy—potash, oil and wheat. It's the same today and all three are strong," says Elliot Horner, formerly from Regina, and who is president of Rider Resources, a Calgary-based oil and gas company.

In Manitoba, where the gross domestic product grew 8.6 per cent in 1996 compared with 1.6 per cent nationally, diversification and growth in agriculture has been frenetic. Almost \$800 million has been invested in four new feed processing plants. Moreover, employment in Manitoba increased by 14,000 over the course of the year—a job growth rate of 3.7 per cent, more than twice the national rate. Granted, Manitoba and Saskatchewan might not equal Alberta's stunning growth. But they are quickly sharing in the economic renaissance of the new West.

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# On guard for thee

**S**he was at it again last week—talking tough, grabbing headlines, inflicting her detractions—and just plain worrying her allies. Less than a year after her public brouhaha over the Goods and Services tax, Sheila Copps was back as the perennial political bad girl. There was the threat to “play hardball” with the United States as the war of words over Canada’s cultural trade barriers escalated. There was the belated promise to protect the CBC from further cuts. There was an internal party letterfiled over her unexpected attempt to alter the new Copyright Act to benefit artists at the expense of broadcasters. There was her startling suggestion that Ottawa exclude television news and sports from the calculation of Canadian content—a radical step that would force broadcasters to air much more Canadian drama, comedy and arts programming in prime time to meet the 50-per-cent Canadian content requirement. And she started private broadcasters by proposing to freeze their TV advertising fees for domestic programming by putting a cap on the amounts they could be paid for run-of-the-shows. Canada’s minister of heritage and the government’s cultural

cultural guru was not just in the middle of the action—for much of last week, she was the action.

That is just where the outspoken, passionate, sometimes ostracized cultural minister from Hamilton Moctha be. Some other conservative government colleagues may have another view. Cultural barriers had got there. There was the war of words over Canada’s cultural trade barriers escalated. There was the belated promise to protect the CBC from further cuts. There was an internal party letterfiled over her unexpected attempt to alter the new Copyright Act to benefit artists at the expense of broadcasters. There was her startling suggestion that Ottawa exclude television news and sports from the calculation of Canadian content—a radical step that would force broadcasters to air much more Canadian drama, comedy and arts programming in prime time to meet the 50-per-cent Canadian content requirement. And she started private broadcasters by proposing to freeze their TV advertising fees for domestic programming by putting a cap on the amounts they could be paid for run-of-the-shows. Canada’s minister of heritage and the government’s cultural

guru was not just in the middle of the action—for much of last week, she was the action.

she’s going to do—maybe she doesn’t even know what she’s going to do.” Last week did little to calm party nerves. It began in a conference room in Ottawa, where Copps had gathered a blue-ribbon selection of the country’s cultural elite to search for new ways to defend Canadian culture. The finding of the long-awaited panel need not be taken to heart just yet, after an array of World Trade Organization rulings that could eliminate trade-specific protections for Canadian companies from U.S. competition.

Thus emboldened, the Americans were suddenly making loud noises, threatening further challenges to measures designed to nurture Canadian television, movies and books. And Copps seemed to have lost control of her portfolio to free traders in the federal cabinet when Trade Minister Art Eggleton suggested on Jan. 27 that foreign ownership restrictions and Canadian content rules may have to be re-examined.

But Copps subsequently reassured herself as Canada’s cultural warrior. During the week of Eggleton’s comments, she met with French government representatives and opened lines of communication with Italy and Ireland over long-standing fears tied with “affairs that fear the Americanization of culture around the world.” And she sounded equally laudatory in the speech she emerged from the culture minister, threatening to pursue U.S. restrictions on foreign ownership in broadcasting before the WTO. On Jan. 16, in a move initiated by the United States, the trade body named an interim ruling against a Canadian export tax meant to discourage American publications and U.S. magazines printed in Canada that have for the most part, receded American content—but Canadian advertising. “If the Americans insist on pursuing their decision of the world cultural community by using all the instruments at their disposal, they will expect the same in return,” she told reporters. “We are prepared to use all the tools in our arsenal to fight the decisions that restrict our capacity to build our own culture.”

Her message was unanswerable—even if the example was a mistake one. Realistically, except for a few Canadian companies that do well under the North America Free Trade Agreement or with appeals to the WTO to make the United States loosen its broadcast ownership policy, which limits foreign ownership of television and radio stations to 20 per cent. The reason the policy is specifically exempt under NAFTA. Washington, meanwhile, weighed its options. “I can guarantee you that the U.S. trade representative’s office is not looking for an excuse to go after Canadian culture,” says Bill Marler, a former U.S. government trade negotiator and now a Washington consultant. But Gordon Racine, who was a key Canadian negotiator for the Canada-U.S. Free Trade Agreement, says it is important to occasionally remind the United States that it cannot take Canada for granted on trade matters. “This may be one of those times,” says Racine.

Dealing with the vexing cultural trade problem will take more than empty threats. Copps says that despite the signs of intense warfare within Liberalism, the government is unified on the issue. And she and Eggleton—who just weeks ago agreed to odds on cultural protection—spoke from the same script after the cultural

summit. Their message: the Liberals will continue to support Canada’s cultural industries.

But the big question remains how—especially if the WTO rules against Canada in its final decision, expected this summer. Copps says Ottawa would appeal. In the meantime, she told Maclean’s that Canada is working as a negotiator for cultural protections in negotiations with the Organization for Economic Co-operation and Development, which will probably pursue with the WTO. “The government,” she says, “is examining options—for example, the increased use of laws and trade agreements that might be a new way to provide support without proceeding with trade reparation.”

Whatever the answer, does Copps have the clout to carry it off? Prime Minister Jean Chrétien, who admires her scrappy, parsimonious, tenacious spirit. Within the cabinet, though, she has won more than the usual share of detractors who consider her abrasive style, and her unwillingness to act the team player. Her propensity to raise issues has been highlighted by the party debate over Canada’s 33-year-old Copyright Act. Last year, Copps and Industry Minister John Manley reached a compromise agreement on changes to the act, intended to address the complicated issue of how to balance the interests ofists, publishers and broadcasters. But just before Christmas, as a parliamentary committee was studying the proposed changes, Copps dumped 71 last-minute amendments to the act on the committee.

Those new amendments would force broadcasters to pay more to artists for the use of their work, which could, in the process, hurt small broadcasters who can afford higher fees. Liberal insiders say that Manley—who favors fewer fees for broadcasters—was shocked by Copps’s initiative. Other Liberals, meanwhile, have publicly taken aim at Copps. In early February, the party’s southern Ontario caucus excused itself in favor of a series of amendments tabled by Guelph MP Linda Chamberlain that would neutralize some of Copps’s proposed changes.

Around the cabinet table, her losses certainly outnumber her victories. When she became heritage minister in 1993, her credibility was instantly damaged after she lost a cabinet battle to limit more than \$450 million in budget cuts at the CBC—which was promised long-term fiscal financing in the Liberal Red Book. So large is the sum that脚注 that Copps’s appointment last week that the government is now prepared to meet the commitment for stable CBC financing after the current round of cuts ends in 1998—and to re-allocate \$35 million in funding to the radio service in April—was viewed as little more than a prevention window dressing. “Sheila Copps is desperate and losing respect,” said a dispirited Marle Barlow, chairwoman of the paternalist Council of Canadians. “Her party is just throwing her a bone.”

But the cultural minister will not go away. Questions about the Liberal government’s handling of CBC cuts are not surprising—to the concern of some Liberal caucus members. Others are worried about the perception among some Canadians that the government might not be doing enough to protect Canadian culture. But action may raise the prospect of a trade war with the United States. And there remains the most unpredictable element of the culture question—Copps herself. With an election looming, her return to centre stage is in marching toward the plot for some of her Liberal colleagues.

JOHN DEMONT in Ottawa

Sheila  
Copps turns  
up the  
volume to  
protect  
culture





Arbour is law office at  
Indonesian independence  
court's prosecutor  
arrests persons for  
arrests for the job

# Prosecuting evil

A Canadian judge pursues international war criminals

**T**here is something too clinical about the sterile Dutch office building where prosecutors are compiling their cases against men who resurrected the art of ethnic murder. Given the barbarity of the crimes, a methodical ruck would seem a more appropriate investigator's tool than The Hague's drumming box machines, where inferences arising from the 2000s Balkan wars are spit out in prose as grey as this government lawyer's char leatherlaw. "The building doesn't even have any of the physical trappings of justice," said I associate with Dogeau Bell, "so it's like a lawyer's office." Justice Louise Arbour, who taught at the University of Toronto law school for 17 years and now heads the UN war crimes prosecutions unit in The Hague. So shortly after taking over the job last October, before winter settled in and the bone of evidence left frozen Balkan mud for another few months, Arbour went to watch the excavation of a mass grave site near the village of Vukosice just to make the crimes more personal.

"My mental image of a mass grave was that it would be more of a trench, where the bodies would be lined up almost in file," she recalled last week. "But these bodies were thrown together indiscriminately in a hole. Then I noticed the clothes. They were young men,

and the first thing I thought about was their mothers." Arbour is a mother of three herself, although "it would be too corny, too sentimental, to suggest that you gas back to work suddenly fired up." But it made the tragedy very human, and that's not something you get her in the office every day. I watched the bodies come out of the ground and it was like they were coming alive again. They were demanding to be identified. They were demanding, "she said, and there was not even a hint of sentimentality in her voice, "that their mothers be told."

It took some prodding to get this strenuous eloquence from Arbour, who still seems more comfortable in the measured language of the judge than for the past decade. That can be a drawback in the role of chief prosecutor for both the Yugoslav and Rwandan war crimes tribunals, where a large part of the job is to keep racking the world's conscience on the wounds of the two genocides. Maastricht-born Arbour is widely regarded in Canada as a brilliant criminal mind, but held by former students as an extorting teacher and remembered by court colleagues as "one of the boys." But she also has her critics, who fear that her judge's temperament lacks the fire in the belly required for the tribunal task. "She doesn't have a background in international human rights, and human rights groups are fed up with

ON  
ASSIGNMENT  
BRUCE WALLACE  
IN THE HAGUE



she is the one for the job," says Jerome Shestack, incoming president of the American Bar Association and honorary chairman of the International League for Human Rights. "She still has to create the appearance of a vigorous prosecutor."

Arbour's predecessor had no such qualms. There may be skirmishes among tribunal lawyers about South African Richard Goldstone's lack of know-how in the grit and detail of their cases, but no one dares to tell him he needs to give the court a high profile that prend him away from his research. Goldstone's ambition to succeed him does not want to be seen panning up a pedestal on the evening news. "Our difference is that we have to be publicly active to sustain interest in our work, particularly in the case of Rwanda where genocide is quickly fading from memory," says Arbour. "But if we could be just like her for a couple of years, we'd be a lot more effective."

The difference in style and strategy is most apparent over the grave issue facing the Yugoslav tribunal: the ongoing refusal by both the NATO-led peacekeeping force and the governments in Belgrade, Zagreb, and Sarajevo, Croatia, to arrest in custody indicted suspects. The tribunal has filed 74 in demands but has only seven suspects in custody (one low-ranking soldier in the Bosnian Serb army has received a 10-year sentence for massacring unarmed men in Srebrenica). Even from the sidelines, the Jenny Goldstone continues to decide the international community's method to make arrests in "peacelander." The tribunal's senior judge, Antonio Cassese, was so frustrated over how few cases he had when he became chief last summer, "Go ahead, kill torture, starve! You may enjoy impunity!" Cassese has since declared that if key suspects are not in custody by this fall, the tribunal should simply be shut down.

Arbour, too, can summon up outrage over the number of suspects still at liberty. But she contends that Cassese and Goldstone are pushing a flawed strategy. "The message I want to send is, I don't care how long it takes, we will fulfil our mandate," she says. "To suggest the lack of arrests could be fatal to the tribunal in the short run plays exactly into the hands of those who would like authorizing better" than to see it go away."

And the last of those to whom the tribunal is "inconvenient," as Arbour puts it, is long-time political adviser in Washington, worried about NATO casualties in any air raid operation, ask how troops would even know where to find the suspects. "I'll show you where [Radovan Karadzic] gets his hair cut," snarls one Hague lawyer in response. And the tribunal clearly angers the British and French governments, which regard it as an American-led effort to embarrass the Europeans over their failure to halt another genocide in their backyard just 8 years after the Rwandan one.

The watchword for London and Paris is "stability." They argue that peace in the Balkans depends on economic reconstruction, and that publicizing alleged war crimes—most of whom are Bosnian Serbs—would poison the atmosphere. Last year, European governments admitted Croatia to

the Council of Europe, even though the country had ignored its pledge under the Dayton peace agreement to hand Croatian war crimes suspects over to the tribunal. Hague prosecutors are furious that European governments missed an opportunity to get custody over Croat suspects in the price of admission.

Increasingly, the tribunal staff believe that it will have to resort to more effective ways to bring the accused before court. "Some of the guys will eventually want to leave Bosnia to go to a holiday as far as the sun, so we will get them in Rome, and then they're vulnerable," says one lawyer. "Or, we could turn them out." Others suggest that if Western governments could impose Thomas' policies to stand over suspects, the tribunal would like the Croat government know that ongoing investigations are beginning to reach into the upper echelons of its current leadership, with a case building



Examining bodies of evidence in Bosnia. "The first thing I thought about was their mothers."

## TOP TARGETS

Based in The Hague, Canada's Louise Arbour oversees prosecutions for war crimes in both Bosnia and Rwanda. Key suspects in those proceedings

### RADOMIR KARADZIC, 56

Former Bosnian Serb political leader, now locally retired under terms of the Dayton peace agreement. Indicted for genocide, war crimes and crimes against humanity, including the deadly sniping campaign against civilians in Sarajevo and using UN peacekeepers as human shields. Although he remains a fugitive based in Pale in Bosnia, evidence against him was presented in court at The Hague last summer under special procedures.



### RATKO MLADIĆ, 53

Bosnian Serb military commander. Faces the same general charges as Karadzic, specifically indicted for the 1995 massacre of up to 1,200 at Srebrenica and the shelling that year of a public square in Tuzla, killing 74. Now a fugitive in Bosnia's Serb republic.



### THOMAS BLASKI, 36

Commander of Bosnian Croat military forces. Turned over to The Hague by Croatia last April 1, under still unexplained circumstances and detained. Charged with per-secuting Muslims in Bosnia's Liva Valley in 1993. Trial expected to begin in April.

### MILAN MARTIC, 51

A Serb political leader in the former breakaway "state" of the Krajina. Indicted for firing cluster bombs into downtown Zagreb, Croatia's capital, in May, 1995. Fled when Croat troops overran the Krajina, now believed to be living in the Belgrade area.

### THEODORTE RAGOGRAJ, Senior Huta

minister leader in Rwanda, a rough equivalent of Bosnia's Milosevic. Charged with plotting and carrying out the 1994 genocide against Rwandan Tutsis. Arrested in Cameroon, now detained and awaiting trial in Arusha, Tanzania, where the UN Rwandan tribunal is based.

## WORLIX

against Gojko Sasic, a former Ottawa pizza parlor owner barred from defence minister. "We know the Croatians are worried about this because they complained to the Americans about us," says one lawyer. Arbour says she would never trade one indictment in return for custody of other suspects, but adds with a smile that she can "be very creative" when it comes to some transfers. For instance, she says,

in her practice as a missing persons lawyer. Arbiter's clients are watching closely to see how he handles the case. "Washington was initially reluctant to endorse her appointment because she has previously prosecuted a case," *"Neither the Devil,"* Goldshein, who was originally a commercial lawyer, pointed out in *Maclean's* last year. "And some human rights critics worried that her record as a juror showed a bias toward the rights of the accused—impeachable for a judge, perhaps, but not a sign of the "tough but fair and learning" desire to get convictions that you want in a prosecutor," notes prominent Calgary human rights lawyer Kathleen Munro.

Some of the griping about Ar-  
bore's appointment fits with the  
fact that she was a surprise choice, an outsider to human rights circles. She was the  
one and only name Goldstone offered to the  
UN secretary general as a successor when  
the South African decided to return to his  
country's new constitutional court. The  
two judges first met at a conference in South  
Africa in 1990 and became friends. At another  
conference in Geneva in September 1999,  
Goldstone asked Arbour if she would consider  
replacing him. He steering  
her appointment past obstacles,  
along Arbour's next Madeline  
Albright, then the U.S. ambassador  
to the United Nations, to ease Washington's concerns. Gi-  
lani's Liberal government may now invoke Arbour's appointment  
as a symbol of its moral revolution  
at war crimes (although Canada is not  
focusing any staff positions on  
either tribunal), but Foreign Affairs  
officials did not know about Arbour's  
upcoming appointment until the Russian  
told them; they were surprised.

Gelblaster told *Mercury* that Arbour was the best person for a job that demands fluency in French and English (much of the Boundary proceedings are in French) and, ideally, a woman, because of the tribunal's determination to try new cases as a crusade against femininity. "Well, Louise Arbour is not afraid of women," counters Makarenko. She cites Arbour's controversial 1987 intervention on behalf of the Canadian Civil Liberties Association in a case involving the魁北克市的女同性恋者。魁北克市的女同性恋者被指控在公共场合进行性行为，违反了当地的反同性恋法律。Arbour在法庭上指出，这种法律违反了《欧洲人权公约》中的禁止对性取向进行歧视的规定。她的这一立场在当时引起了广泛的争议，但也为之后的反同性恋法律改革奠定了基础。



Executive Summary of Final Air Quality Management Plan

country to a grading hub. It is to be hoped," says Fisher, "that this is the way the United Nations has chosen to prosecute war crimes."

Arbour shrank off the critique, noting that most nations have enacted legal barriers to their domestic laws to prevent decades-old war crimes coming in foreign countries. She noted that the Hague tribunal is "less talented trial lawyers," so she did not expect to be arguing a point in court anyway. But Tuyishime has not been indicted. And she makes no apologies for upholding the rights of the accused. She still remembers coming to the University of Montreal one night in October, 2007, to find a film titled *Up Against the Wall* playing up possible abuses of police states after Pierre Trudeau invoked the War Measures Act during the FLQ hostage crisis. She was a young Quebec nationalist then, though she says her views have "evolved" since and she now knows anyone that she's wracking her brain over "But it is with me just how easily, even in Canada, rights can be taken away," she says.

Arbauer turned 50 last week, and for her birthday she said she always wanted to spend sitting in the sun on a beach. Instead, she was in the E.R. here if it is not raining, it looks like she is. dealing with an internal conflict between the Rwandans and the Rwandese tribunal. Despite those who think the Rwandese tribunal currently has no credibility, it is still in existence at a cost of about \$100 million a year.

Tensions, including many right-wing Rwandese, are high. "We've got important people in Rwanda, but it's hard to get them to people," she complains. "The resources that were put into the late crash investigation. And it's all been a waste of time."

At a recent trial in St. Louis, Missouri, American Legal Congress attorney Ferencsik can offer another example. Ferencsik was as associate attorney at the 1945-1946 trials of Nuremberg, and recalls that "the court had a stand, of course, but after two weeks it stopped coming. And we were at a standstill. We didn't know what to do with people who had killed us. But it didn't matter," Ferencsik says. "Law is not supposed to be applied in this situation. It is a slow and difficult process to create a humane world, and we can't do it here." But Ferencsik knows, however, that the right prosecutor needs to bring this generation's war criminals to justice. And for Luis Aragon, the learning for the voice of the victims, the ones that call out to us from beneath all the dry legal jargon,

She can be 'very creative' on tactics

THE JOURNAL OF CLIMATE

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**"We are all winners" ... Thanks to you!**

FOR THE BENEFIT OF CANADIAN SPECIAL DIVISION

# Leaving the Leader

## A top official attempts to defect to South Korea

*Starting with my family, people will judge  
that I'm mad. But the question is: am  
I the only mad person?*

A good question, especially coming from a man who said last week he was a member of the inner circle of the most secretive—and arguably most bumptious—country on earth. Hwang Jang Yop was one of 11 secretaries of the ruling Workers' Party of North Korea, a sometime head of the main university in the capital, Pyongyang, and a former president of the Supreme People's Assembly, the lawhead parliament. Hwang was the chief theorist of *juche*, the syncretic blend of nationalism, Marxism and limited self-reliance that serves as North Korea's guiding philosophy. Until, that is, he walked into South Korea's embassy in Beijing and apparently announced that he wanted *ja deu*. In a signed note that the South Korean government made public, Hwang wrote, "I torment(d) and tortured over this."

In keeping with the North's penchant for secrecy and the two Korean traditions of mutual boasting, almost nothing about the incident was clear. Pyongyang, shocked by the loss, named a key senior figure, promised that it was "inconceivable and impossible" that Hwang could have defected and insisted that he must have been kidnapped. A South Korean newspaper, *Chosun Ilbo*, published three letters allegedly written by him and November, in which he said he was under surveillance by North Korean security forces and feared for himself and his family. Also unclear was why South Korea announced Hwang's defection only hours after he entered its embassy with an aide, Kim Bok Hyang, instead of waiting until he could be greatly spirited back to Seoul. That put China on the spot; it responded by choosing to maximize its old Communalist allies in the North by allowing Hwang to leave, and removing its valuable spy trading partners in the South by keeping

Whatever the truth, Hwang's case casts a shadow over South Korea. The

North is struggling with an economic crisis and the effects of catastrophic floods in the past two years, which left 500,000 people homeless, destroyed grain harvests and led to widespread malnutrition. It is also still coping with fallout from the death of the legendary founder, Kim Il Sung, at the age of 82 in 1994. Kim's son and designated successor, 25-year-old Kim Jong Il, took over immediately, but analysts are divided on whether he has been able to consolidate his



there is taken the old road as far as the junction.

way is a respected legal scholar as reported in *73* or *74*, and also serves as Kim Jong Il's personal legal in sole plenary meetings. South Korean analysts consider him a major figure in the overall Pyongyang power structure—making him by far the most senior and influential member of the northern official over-class. William T. Taylor, director of national security studies at the Center for Strategic and International Studies in Washington, met Hwang in 1995 when he was president of Kim Il Sung University in Pyongyang. "He's very lowkey, serious, polished and reserved," Taylor recalls in an interview.

A Japanese journalist who met Hwang in Tokyo on Feb. 5, when he was only a week away from defecting, and the Korean defected later that day. The Cold War "is world changing away from confrontation and ideology," But Taylor suggested a more prosaic reason for Hwang's abrupt move: "It's time to move."

Note the less, the defectors' wage had greater influence among North Korea's top leaders than outsiders had imagined. There had been earlier signs of erratic leadership. In September the Northern agriculture minister had been summoned to lead a team of 100 officials in the South in an effort that left 24 North Korean and 13 southerners dead. The 10 December, 1980, protracted compulsory military move, Pong Yang expressed "deep regret" for the incident. By most accounts, though, Kim Jong Il did well in his way towards consolidating his power. The case surrounding his personality is as intense as the adulation once directed at his father, and he has been elevated from "Dear Leader" to "Great Leader"—the title Kao Sung Lang enjoyed. He has not, however, assumed the supreme titles of state president and general secretary of the Workers' Party. Kim Jong Il is expected to take on these titles after the fifth anniversary of his father's death in July 1985. Ironically, according to some sources, the man who was helping him prepare to assume the top position was his old tutor, Hwang Jang Yop.

ANDREW PHILLIPS in *Washington*  
—the review of *1984* by David

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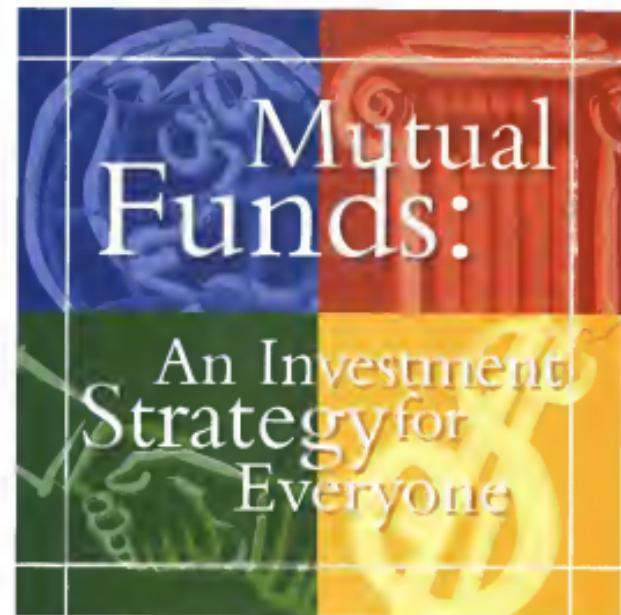


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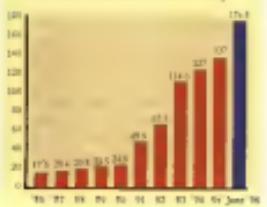
*This RRSP season, put a few more oars in the water.*



## The Growth of the Mutual Fund Industry

In the last few years, Canadians have seen a tremendous amount of growth in the mutual fund industry. And 1996 has been a staggering year. Three years ago, a study prepared by Investor Economics Inc. revealed that mutual funds represented only 16.8 per cent of the total investments made by individuals, indicating enormous potential for further growth. By the end of December 1996, assets under management in Canada had reached a staggering \$308.2 billion. Five years ago the industry was one quarter this size. Six years ago it was one seventh that size. Even this impressive growth needs to be measured against a recent Price Waterhouse study that shows only 26 per cent of Canadians over the age of 20 own mutual funds. This is lower than conventionally thought. The study reveals that many people do not understand mutual funds and incorrectly believe them to be products for the wealthy.

Growth of Mutual Fund Industry



### GROWTH OF OUR INDUSTRY

A number of factors account for the outstanding growth of Canada's mutual funds industry: the entry of the banks into the market, low interest rates, aggressive marketing by managers, and heavy media coverage among them.

### DEMOGRAPHICS

It is predicted that the aging of the baby boomers will prop the mutual fund industry with continued growth. In the United States the number of retirees will grow from 40 million in 1995 to almost 60 million by the year 2000. Post-retirement life spans are expected to lengthen from 20 years to about 30 years. Accordingly, people will need greater retirement resources, especially in a time when governments can do less for them.

But it is not only retirement that people save for. Harry S. Dent Jr. notes that, for Americans, the first major saving phase is for their children's post-secondary education. This concern is most important when they are aged approximately 35 to 44. As cuts in government raise tuition, and as post-secondary education becomes ever more important for employees, this saving focus will take on even greater importance.

David Post, co-author of *Bust & Echo*, believes that the boomers are going to put a larger portion of their retirement savings into stocks because they have no acceptable alternative, given the low returns available on real estate and cash.



DISINTERMEDIATION AND THE  
EVOLUTION OF THE FINANCIAL  
SERVICES INDUSTRY

Disintermediation, the shifting from indirect to direct financing, is evident in our financial market. For example, chartered banks hold a much smaller percentage of assets than they used to. In 1870 the chartered banks accounted for 75 per cent of financial intermediary assets, and today they account for about 37 per cent. The money has gone somewhere else, and some of it has gone into new players in

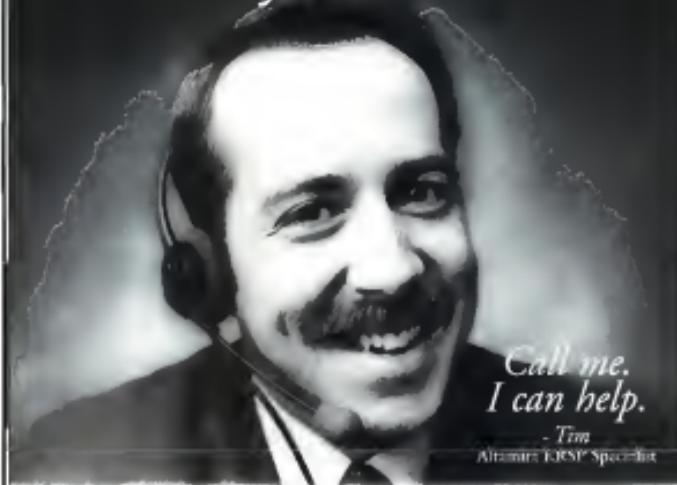
the system, such as trusted pension plans and mutual funds. Over the period 1980-1990 and 1990-1994, when total private financial intermediary assets grew annually by 11 per cent and 7.7 per cent, mutual funds grew by 22.6 per cent and 39 per cent. The growth can be attributed to the consumer's attempts to better diversify risk and benefit from the rates of return available in capital markets by making portfolio adjustments out of directly held savings and securities into the hands of professional portfolio managers.

INVESTMENT CHOICES					
Investment Type	Invested In Medium	Earning Risk	Short-Term Potential	Income Growth Potential	Long-Term Potential
<b>FIXED-INCOME INVESTMENTS</b>					
Bonds		interest & capital gains	moderate to high	moderate to high	moderate
Savings Accounts		interest	none	low	low
Canada Savings Bonds		interest	none	moderate	low
GICs		interest	none	moderate	low
Mutual Funds					
Money Market Funds	commercial paper, treasury bills, short-term bonds	interest	low	moderate	low
Fixed-Income Funds	mortgage-backed securities, corporate & government bonds	interest & capital gains	moderate to high	moderate to high	moderate
Balanced Funds	stocks & bonds	interest, dividends & capital gains	moderate to high	moderate to high	moderate to high
Equity Funds	stocks	dividends & capital gains	moderate to high	low to moderate	high
<b>COMMON STOCKS</b>					
Growth		capital gains	high	low	high
Blue chip		dividends & capital gains	moderate to high	moderate	moderate to high

Pension Investments

A Balance of Income and Growth Investments

Growth Investments

Will you be ready  
to retire when you're  
ready to retire?

*Call me.  
I can help.*

- Tim

Altamira RRSP Specialist

If you want to be sure your RRSP is working towards your retirement goals, there's an easy solution. Call an Altamira RRSP Specialist. We can help you find the right mix of hardworking funds to meet those goals. We'll also send you a complete RRSP Investment Kit. It

contains information on twenty-five core and specialty funds that can fit your portfolio, and a toll-free number to fit your schedule. And when you buy directly from Altamira you pay no sales commission. Which means all the money you invest goes directly to work for your retirement.



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## SHIFTS IN THE HOUSEHOLD BALANCE SHEET

There has been a fundamental shift in emphasis from real assets to financial assets. The real assets to which many Canadians once placed their faith for a retirement nest egg have left them disappointed. The drop in value of residential real estate in the last eight years has shattered widely accepted economic wisdom. This shift has driven and will push investors from real to financial assets, especially mutual funds.

### MUTUAL FUNDS IN CORRECTIONS, BEAR MARKETS OR CRASHES

Skepticism about the long-term growth of mutual funds arises from the worry that these funds are somehow vulnerable to redemptions in downturns in the market because their investors may tend not to be highly informed. As IFIC's December statistics indicate, there are 21.6 million unitholders, a 43 per cent increase from a year ago. Mutual fund owners do not, it turns out, make massive redemptions during market downturns. An analysis by the Investment Company Institute (ICI) in the United States of more than 50 years, including 14 major stock market cycles and a number of sharp market sell-offs, reveals that market downturns failed to trigger substantial outflows from stock funds. This analysis is consistent with evidence from other shareholder studies and surveys and suggests mutual fund owners have a long-term investment horizon and basic understanding of risk.

But what if the sheer number of unitholders suggests that increasingly the industry has novice investors who have never before invested during market downturns? It can be argued that mutual funds inflow will likely be more stable than our intuition suggests. Much of the money flowing into mutual funds—and this may account in part for the continued inflow, even during the summer doldrums in 1996—comes from younger workers, saving for their retirement. Their

use of pre-authorized chequing plan and Registered Retirement Savings Plan suggests that they are in the market for the long term and have good reason not to pull out at a point when share prices start to decline. The extent to which funds can be borrowed to buy shares is strictly regulated, and most funds hold a cushion of cash to meet redemptions requests. Even more importantly, managers are learning to take advantage of bargains during a downturn as more units of a fund are available at a lower price when

**"In the context of historical fund performance over the past decade, investors are aware 1996 is an exceptional year with phenomenal growth."**

the market turns down.

In the context of historical fund performance over the past decade, investors are aware 1996 was an exceptional year with phenomenal growth. Growth warrants increased responsibility, and whether assumed by the federal government or not, helping Canadians to become self-reliant and to prepare for the future is a serious responsibility. As we see the relationships between government bodies, the industry and the individual changing, it is appropriate to reorient the role of IFIC clearly. Despite change around us, the premise of IFIC has not changed. We still exist to help the investor understand the unique value of the product called mutual funds, to enhance the industry's ability to communicate its message, and to assist the regulators.

Rob Leckie and M'hann Keast, IFIC

# BRINGING THE WORLD TO YOU



## *Considering the future...*

*The world is changing quickly and planning for your family's future needs has never been more important. When is the right time to start investing for the future? At Templeton, we believe the time is now. And that holds true whether you're planning for your children, your grandchildren or yourself. Start by investing today and have the patience to let your investments grow. Talk to your Investment Advisor. Find out how Templeton can make a world of difference to your investment plans.*



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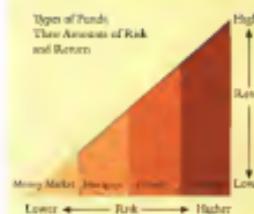
# Common Myths about Mutual Funds

I am not sure what a mutual fund is but I do know that I need to be well educated on mutual funds before I invest in one.

**Fact:** An investment (or mutual) fund is a corporation or trust which accepts money from public investors and employs a professional investment manager to place that money in investments that will meet the fund's objective (i.e., produce the kind of return that the fund has stated as its aim).

A fund therefore is simply a cooperative means for many people to pool their savings and have their investments professionally managed in the type of investments they choose. This pooled concept is one that allows numerous investors to put relatively small amounts of money into investments. But those many small sums add to a large amount of available dollars with which the fund manager can choose and diversify the investments represented in a specific fund. The investment fund also offers not only professional money management, but provides full administrative and accounting services for the investor.

Information on mutual funds can be obtained from the funds' management or from The Investment Funds Institute of Canada. Advice on investing, financial planning and arrangements to purchase fund shares can be obtained from mutual fund dealers, financial planners, stock brokers and investment dealers. Mutual funds are also available from banks, individual fund management companies, trust companies and life insurance companies.



## Mutual Funds are Risky

**Fact:** It's impossible to compare funds "across the board." Mutual funds not only differ in their financial objectives but also invest in different kinds of securities that reflect the ultimate objective of the fund. Thus, depending on the securities the fund is investing in, or the mix of securities chosen for a specific fund, the element of risk varies substantially.

The fund's objective is what the fund seeks to achieve by investing. This will determine what kind of securities the fund will buy, and in what economic sectors or countries. This directly influences the risk a particular fund is exposed to.

For example, a fund seeking the highest possible return on capital may invest in more speculative common stocks than one seeking maximum income from dividends. The risk in attempting to meet the first objective is much higher than in the second.

You can see, therefore, that the amount of

# Invest in one of the healthiest industries in the world.

## The High Growth Potential of Health Sciences

Breakthroughs in the health sciences sector represent enormous investment opportunities. The new Green Line<sup>®</sup> Health Sciences Fund<sup>®</sup> takes advantage of this by investing in high-growth areas such as Health Management Organizations (HMOs), biotechnology corporations, laboratory equipment suppliers, and health care information systems, among others.

## The Expert Advice of T. Rowe Price

The Fund Adviser is T. Rowe Price Associates, Inc. They rank among the oldest fund management companies in the U.S. T. Rowe Price is home to the Fund Manager of the Year<sup>®</sup>, as selected by the leading U.S. fund researcher, Morningstar.

## The First No-Load Health Sciences Fund in Canada

This is the first no-load Health Sciences Fund in Canada, making it a unique investment opportunity. There are no sales charges, account set-up fees, or other hidden costs. Unlike buying funds with a back-end load or "deferred sales charge," which may hit you with hefty fees if you redeem early, you can sell or transfer units of this Fund without cost any time after 30 days from purchase. The Green Line Health Sciences Fund is also eligible for the foreign content portion of your RRSP.



## Invest Today

To invest in the new Green Line Health Sciences Fund, call our Toll-Free Investment Hotline or stop by any TD Branch for a copy of the prospectus or visit our Web site on the Internet at [www.tdbank.ca/investfund](http://www.tdbank.ca/investfund).

Call 1-800-268-8166 Toronto 982-6432

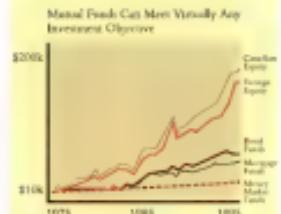
## GREEN LINE MUTUAL FUNDS MAKING YOU A SUCCESSFUL INVESTOR



\*The Green Line Family of No-Load Mutual Funds is offered by TD Asset Management Inc. (TDAM) a wholly-owned subsidiary of The Toronto-Dominion Bank. Important information about these mutual funds is contained in their simplified prospectus, which we encourage you to read carefully before investing. Please direct any questions and comments to TDAM and it is an extremely efficient area of low performance. Mutual fund investments are not insured by the Canada Deposit Insurance Corporation or the Royal Canadian Trust Company. The funds and are governed by The Toronto-Dominion Bank.

<sup>®</sup>Trade marks of The Toronto-Dominion Bank, TDAM or its licensors. \*Available in February, 1996 for 285.

risk involved is directly related to the fund's objective. Generally speaking, it can be assumed that the higher the return, the higher the risk involved.



However, mutual funds remove much of the risk from investing because they are professionally managed by fund managers with many years' experience in portfolio management. For example, in common stock funds, professional managers select the investments and monitor them carefully and constantly. In addition, because the pooled concept means that there is a greater amount of diversification inherent in funds than would be possible in a portfolio of comparable size invested in stocks or bonds directly, the element of risk is spread, thereby making funds less vulnerable to market fluctuations.

It should also be remembered that, while it may be considered safe to keep one's sav-

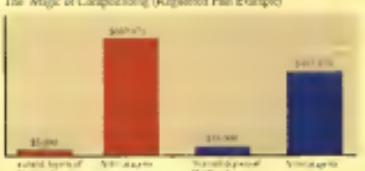
ings in cash, there is always the risk that inflation will, over time, erode the value of those savings.

"I am much better off keeping my money in my savings account."

**Fact:** Generally speaking, savings accounts are the means by which banks and trust companies borrow money from the public and lend it to companies and individuals at higher rates. The financial institution makes money on the spread or the difference between the rate it pays on savings accounts and the rate it charges borrowers. A money market mutual fund, for example, lends money directly to governments, corporations, and financial institutions. All people who invest through such funds earn the higher rate. There is no middleman.

The rates of return for "non-guaranteed" investments, such as common stock funds, have historically been more superior to that of a savings account with a financial institution. That is because, in a free enterprise system, investors who choose to "share" ownership of a public business by purchasing common shares are sharing in the fortunes of the business. If it does well, they share profits - if it does badly, there are little or no profits to share. They therefore expect, and get, a higher return for taking that risk. However, it must be borne in mind that the return on a common stock fund would not necessarily be consistent from year to year as companies do better at some periods than others.

The Magic of Compounding (Registered Plan Example)



## MUTUAL FUND FEATURES AND BENEFITS

### FACTS & FIGURES

### b

#### 1. Investor Protection

Mutual fund investors are protected in several ways:

- client monies are kept segregated from mutual fund company's
- fund assets are held by a chartered bank or trust company (canadian)
- contingency trust funds have been established in a number of provinces to compensate individuals in the event of mutual fund company fraud. These funds have never needed to be used.
- the Simplified Prospectus of a mutual fund outlines investment objectives and risk factors for a particular fund
- funds are audited annually by independent auditors

#### 2. Affordability

- with most mutual funds, you can usually start with a minimum investment of \$500 or increments of as little as \$25 a month

#### 3. Professional Management

- portfolio managers have specialized skills that help contribute to better portfolio performance than you could easily achieve on your own
- mutual funds allow you to diversify among many different investments, effectively reducing risk

#### 4. Diversification

- your mutual funds are redeemable on any business day, unlike fixed term investments

#### 5. Accessibility

- it's easy to invest in mutual funds and exchange money between funds within the same fund family

#### 6. Convenience

- mutual fund companies provide comprehensive fund and client reporting services including updates on holdings, performance, transactions and tax receipts

#### 7. Service

- the cost of investing in mutual funds is reasonable and varies according to the services you want
- there are over hundreds of different types of mutual funds to choose from - so you can almost always find the right fund for your specific needs

While your investment in mutual funds is protected, it is not a "deposit," and not eligible under the Canadian Deposit Insurance Corporation.

You have to be wealthy to invest in mutual funds.

**Fact:** This is not the case. Initial investment in a mutual fund varies between one fund and another, but the minimum is quite low for most funds - somewhere in the region of \$500 - \$1,000 would be fairly common. In addition, it is possible with many funds to start at a much lower level if the investor is prepared to make a regular savings commitment and invest in a fixed amount per month. In such cases the minimum may be as low as \$25.00 monthly.

Mutual funds are too confusing when comparing the rates of return.

**Fact:** One should only compare funds of similar types to get an accurate picture of relative performances. You cannot compare the rates of return between different types or categories of funds - you have to compare apples to apples, oranges to oranges.

For example, it is pointless to compare the results of a fund that invests in oil and gas exploration companies with one that invests in well-established companies. The risks are quite different, as are the possible returns on the investments.

**We believe gut  
feelings, hunches,  
and premonitions are  
more appropriate  
at a casino.**



At Tracemark, we believe that when it comes to investing your money, nothing should be left to chance. That's why we won't select just any company based on numbers alone. Our teams of

portfolio managers help to manage risk by personally visiting the companies we consider investing in. We speak with the CEO, and even the people on the shop floor, to gain a deep understanding of their business. And, if we determine that it's a company that will help your money grow over the long term, then we'll commit. Before we invest your hard-earned money, we invest our time. For more information, consult your financial adviser or call us and we'll connect you with one.

1 - 8 0 0 - 4 6 5 - 3 3 9 9

**TRIMARK**  
MUTUAL FUNDS  
*We Manage. To Outperform.*

Fortunately, the financial press regularly report the performance of Canadian mutual funds by type. These reports contain average results over a one, three, five or 10-year period and are categorized by the investment objective of the fund. This makes it very simple for the investor who is considering, say, a growth fund, to compare all similar funds.

It is very difficult to get your money out of a mutual fund.

**Fact:** Most funds have their shares or units valued daily. This means that investors may purchase shares or units on any business day, and in most cases, may redeem or sell those units or return back to the fund on any business day.

"There are over a thousand funds available in Canada offering a broad range of investment objectives and investing in a variety of securities ..."

Mutual Funds are basically all the same.

**Fact:** There are over a thousand funds available in Canada offering a broad range of investment objectives and investing in a variety of securities and in a variety of geographical locations. For example, there are funds that invest in Canadian common stocks, US common stocks and international common stocks. There are also funds that invest in the stocks of specific industries, such as natural resources or oil and gas stocks. Some funds invest only in gold and other precious commodities. There are

balanced funds which split their holdings between bonds and stocks, depending on how the manager perceives economic conditions at that time.

There are dividend funds that aim to maximize dividend income. In addition, there are bond funds and mortgage funds. There are also various types of money market or savings funds based on fixed income or guaranteed investment. Most of the funds available in Canada are open-end funds, meaning that they issue a continually increasing number of shares and subsequently purchase those shares back from investors on demand.

Mutual funds are not suitable for retired people.

**Fact:** Funds are suitable for retired people provided there is a careful selection of the fund based on its investment objectives. A conservative approach to the preservation of capital may be desirable as one reaches more mature years. There may also be increased emphasis on the income needed for retirement. The right kind of funds can provide the means to reach both these objectives.

Mutual fund companies charge very large fees to invest in a fund.

**Fact:** Basically, all funds charge a management fee which is a percentage of the value of the assets of the fund. On average it is an annual percentage of between one and two percent. In addition, there may be sales commission charged on the purchase or redemption of shares which are paid to the distributing agency. Remember that commission is paid for the value-added service of investment planning provided by salespeople. The amount of commission will depend upon the use of the purchase. If you understand investment risk factors and tax considerations, funds without sales commission (no-load funds) may be investigated.

Akbar Khan, IFIC

# MUTUAL FUNDS

## SOME TIMELY ADVICE



Thinking of purchasing mutual funds for your RRSP investment portfolio? With hundreds of funds available today deciding which ones to buy and when to buy them can be difficult. That's why thousands of people like you count on the professional advice of people like ours to help them make the right decisions.

At Regal Capital Planners Ltd., our independent investment consultants have instant access to a global network of professionally managed investments. And it's our independence that enables us to be completely objective and unbiased in our recommendations, prior to making any purchase on your behalf.

So before you invest another dollar in your RRSP, invest a little time with a Regal Professional. Our consultation is free - our advice is invaluable. For more information, check your telephone directory for your local listing or call:

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# Financial Planning: Making Sense of it All

**N**ot long ago, one could handle one's personal financial affairs armed with a little bit of knowledge, information, experience and guidance.

With the goal of protecting one's financial assets from loss, the investor entered the world of investing with the cost of thousands: GICs, mutual funds, treasury bills, government and corporate bonds, mortgages, common and preferred shares, international asset classes and the list goes on. Guarding one's money against the erosion by inflation and the lurking evil of low rates of return makes the cost of thousands of investment choices overwhelming. The Canadian Institute of Financial Planners offers peace of mind when making these decisions through their course curriculum. Long recognized by individuals inside the financial services industry, the Institute's six course program also appeals to those who just want the mystery taken out of personal financial planning, as well as to those working in other areas who would like to become professional financial planners.

The Canadian Institute of Financial Planners announced exciting new changes to its flagship Certified Financial Planner™ (CFP) Program last October. Individuals who wish to become financial planners licensed to use the internationally recognized certification mark, must take a comprehensive final exam, set and administered by the Financial Planners Standards Council of Canada (FPSCC). The FPSCC was established to benefit and protect the public by enforcing education, examination, experience and ethics re-

quirements for financial planners licensed to use the international Certified Financial Planner certification mark (CFP). The CFP's Certified Financial Planner program was the first to be endorsed by the FPSCC.

**"Guarding one's money against the attack of erosion by inflation and the lurking evil of low rates of return makes the cost of thousands of investment choices overwhelming."**

The Canadian Institute of Financial Planners' Certified Financial Planner Program is the most established program of its kind in the country and is offered by correspondence and at select community colleges. It has been the most comprehensive educational program available on personal financial planning and has been recently redesigned to specifically prepare students to write the FPSCC's certification examination. It is the senior step to the prestigious CFP certification marks. Challenge exams are one of the Institute's exciting new initiatives established for the upcoming term. Those now in the industry who have significant experience can apply to write the examinations without completing the course work.



**His travel agent booked his flight, but his mutual funds got him here.**

All rates of return are historical annual compounded rates of return as of December 31, 1994. Investors should consider these past rates of return in the context of the certified program and should be real world before investing. Other than a low fee on purchases when an AGF fund is sold, there are no hidden costs associated with an AGF fund and no sales charges or loads. Returns are net of fees and distribution expenses. They do not take into account sales, redemption, management fees charges or charges payable by shareholders. Past performance is not a guarantee of future results. See your plan administrator or mutual fund for details. The fund included, money 1, AGF Fund Class, December 31, 1994.

What are you doing after work? Many Canadians have discovered that AGF Group of Funds are an excellent way to ensure a successful retirement. For diversification combined with exceptional performance consider the AGF Growth + Income Fund.

It was recently named the top balanced fund in the country, with a remarkable 27.4% return\*. It's also known for consistency, ranking in the top 25% of all Canadian balanced funds for the past 1, 3 and 5 year periods.

AGF's 58 mutual funds make it easy to find the right investment for your RRSP. Just call your financial advisor or contact AGF at 1-800-318-0888 or [www.agf.com](http://www.agf.com)

**AGF Growth + Income Fund**

1 M	3 M	5 M	10 M
27.4%	19.5%	18.9%	9.2%



What are you doing after work?

**"More than 3,500 professional financial planners have enhanced their knowledge and status through courses offered by The Canadian Institute of Financial Planning."**

These challenge exams are now available for five of the six courses and provide busy people seeking professional certification with the option of greatly decreasing the time it takes to reach their goal. With the challenge procedure now in place, qualified individuals can effectively complete up to four courses in each term (two in the regular manner plus two on a challenge basis). Courses designed for those who wish to become financial planners and for those searching for answers to the mystery of financial planning include:

**Personal Financial Planning – An Introduction to Personal Financial Planning.** This course prepares students, whether for personal use or as the foundation for the CFP certification mark, with the fundamentals of financial planning. Topics include the financial planning process, financial objectives and money management, tax planning and risk management to highlight a few.

**Wealth Accumulation – The Fundamentals of Investment Planning.** Introduces students to the process of wealth accumulation.

**Controlling the Future – Creating Financial Security.** Examines the basis of retirement planning, including taxation and legal aspects. Topics include post-retirement planning, retirement savings plans, pension plans, old age security and retirement decisions.

**Strategic Investment Planning – Understanding Investment Products and Investment Strategies.**

This course examines alternative investment products including fixed income and equity products, mutual funds, real estate and tax shelters.

**Risk Management and Estate Planning – The Role of Insurance and Estate Planning in Personal Financial Management.**

Addresses insurance and estate planning. Topics covered include the risk management process, types of insurance, wills, powers of attorney, family law, estates, and related tax and legal considerations.

**Professional Practice – Comprehensive Financial Planning and Professional Ethics.**

This course incorporates all the information provided in the first five courses in addressing client situations, and deals with the process, as well as the legal and ethical considerations, used in setting up and managing a professional financial planning practice and maintaining the CFP certification mark.

More than 3,500 professional financial planners have enhanced their knowledge and status through courses offered by The Canadian Institute of Financial Planning.

Alison Kneif, IFIC

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#### RISKS OF NOT TAKING RISKS

**Y**ou may think the best way to be financially secure is to take no risks whatsoever with your hard-earned money. But in an effort to eliminate risk entirely, you give yourself a false sense of security and sacrifice real growth that outpaces inflation and taxes. The real risk is not taking at least some risk with your money. Taking reasonable risks doesn't mean gambling everything you own. It means putting at least some of your money into growth investments.

#### VISIT THE CIFF WEB SITE.

Other new developments include the establishment of bulletin board features on The Canadian Institute of Financial Planning interactive website at [www.investfunds.com/CIFF](http://www.investfunds.com/CIFF). The Web site provides speedy transmission of updated course and assignment information to students, facilitates the creation of study groups, and national expansion of the Institute's community college affiliate network.



**On the path to becoming a CFP, it pays to have a solid footing.**

The Certified Financial Planner® program offered by the CIFF is the first to be endorsed by The Financial Planners Council of Canada. Because it offers the most comprehensive up-to-date courses available in all aspects of the field, it has become the first choice for a career in financial planning. And it has become your surest step to the prestigious Certified Financial Planner (CFP) certification mark.

Already over 3,500 professional financial planners have graduated from The Canadian Institute of Financial Planning. The program is available through correspondence and community colleges. Now if students want the fast track to the CIFF, they can take challenge exams before taking the courses.

Today more professional financial planners have one thing in common. Their path started with us.

Please call 1-800-865-0232, toll-free 1-888-865-CFP for a course brochure or more information.



THE CERTIFIED FINANCIAL PLANNER PROGRAM

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*Offered by*

**THE CANADIAN INSTITUTE OF FINANCIAL PLANNING**  
*Your first choice for a career in financial planning since 1977*

# Asset allocation and Balanced Funds

The vast majority of investors should consider a portfolio of funds that includes fixed income, Canadian equities, international exposure and possibly some specialty funds. The actual mix will vary over time to reflect the outlook of the different markets and your specific needs. This diversification reduces portfolio risk. You can construct this mix yourself, use one of the asset allocation services available or pick off-the-shelf asset allocation or balanced funds.

Many investors are unaware that there is strong theoretical and empirical evidence that effective asset allocation, in the long term, is by far the most important aspect to the overall performance of a portfolio. Pension fund managers have known this for decades and in many cases apply the bulk share of their strategy to fine-tuning the so-called "asset mix."

## WHAT IS ASSET ALLOCATION?

Asset allocation is the process in which different classes of assets such as stocks, bonds and cash and different management styles are combined with a view to maximizing portfolio return while reducing overall portfolio risk (usually measured by the volatility of monthly returns). The concept can be used to build a wide variety of portfolios, including a purely domestic portfolio (one that only invests in Canadian assets) or an international portfolio. In addition, depending on the investment objectives of an individual, various asset allocation strategies can be devised to best suit individual needs.

## WHY IS ASSET ALLOCATION SO IMPORTANT?

Studies have shown, and practitioners can attest, that up to 90 per cent of a portfolio's return can be attributed to the asset allocation decisions—the percentages of various classes of assets in the portfolio as distinct from the fund manager's stock-picking ability. In the last year, it would have been unusual, even improbable, for a small-cap equity fund manager to generate returns of less than 10 percent. This is because small-cap stocks outperformed as a group larger-capitalization stocks. Any asset allocation strategy that included small-cap stocks would have benefited from this. This is not to say that individual stock-picking does not matter—if it does—but in the long run there is evidence that the decision to hold small-cap companies was more important. By combining different asset classes and investment styles, the overall volatility of the fund can be reduced.

**"By combining different asset classes and investment styles, the overall volatility of the fund can be reduced."**

The reason, simplified to a single sentence (there are books on asset allocation!) is that, to a certain extent, when the return from one class of assets declines, returns from another class of asset to some degree or another, increase, reducing the magnitude of large swings in monthly returns.



### THERE ARE TWO BASIC APPROACHES TO ASSET ALLOCATION

#### STRATEGIC ASSET ALLOCATION and TACTICAL ASSET ALLOCATION

##### STRATEGIC ASSET ALLOCATION

Strategic asset allocation is based on the theory that, given a certain tolerance for risk, a portfolio can be optimized by carefully constructing an asset mix that performs within the risk-tolerance level. Practitioners assume that it is impossible to time moves in and out of markets successfully over the long term to catch swings in prices. In other words, an asset mix is constructed to meet the performance/volatility (risk/reward) expectations of the investor and is not adjusted in anticipation of short-term market changes. If the bond market is expected to rise dramatically in the next six months, the strategic asset allocator will pay little heed since he or she cannot be sure that it will in fact happen and doubts that jumping in and out of bonds will provide superior long-term returns. Many "balanced" funds use a strategic asset allocation policy of maintaining a reasonably stable asset mix. This is distinct from the so-called "asset allocation" funds which typically take a more tactical asset allocation approach. In many balanced fund prospectuses, the manager is restricted to working within a tight range of investment levels for each basic asset class (stocks, bonds, cash).

Steve Kelso - excerpt with permission from *Outstanding Mutual Funds* published by *Globe & Mail*

**TACTICAL ASSET ALLOCATION**  
Tactical asset allocation is an allocation process that is based on the belief that the markets can be "timed" and that investors can exploit anticipated increases and declines in a market. For instance, if he or she believes the Canadian stock will outperform the bond market in the coming months, the tactical asset allocation manager will overweight his or her portfolio in Canadian stocks in order to capitalize on the expected growth. Of course, if the anticipated growth does not materialize, the asset mix may not be optimal in the short term.

This is the basic strategy behind the so-

**"Practitioners assume that it is impossible to time moves in and out of markets successfully over the long term to catch swings in prices."**

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called "asset allocation funds." These fund managers are given much more latitude in the size of the portion of the portfolio that can be devoted to each asset class than in the typical balanced fund. For example, if a manager of a tactical asset allocation fund is extremely bearish on the equity markets, he or she is usually able to tilt the portfolio entirely of stocks and place the assets in, say, cash instruments.

Steve Kelso - excerpt with permission from *Outstanding Mutual Funds* published by *Globe & Mail*

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# The 1996 Budget: The Looming Effects

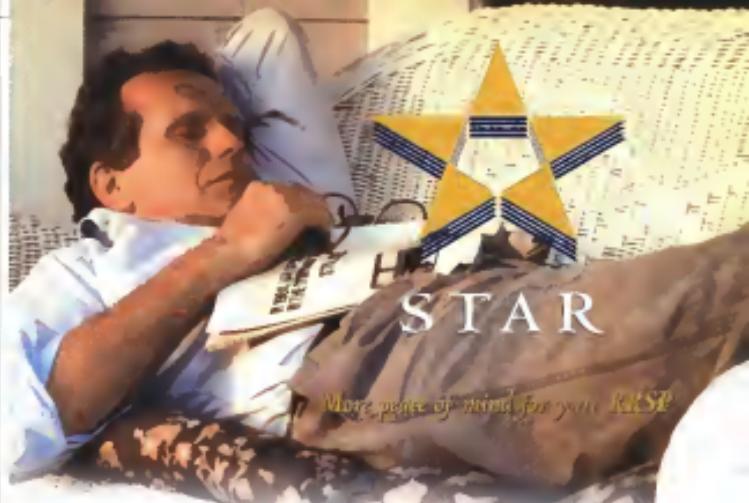
**T**he February budget of 1996 has tremendous importance in regard to long-term effects on retirement saving by Canadian investors. A few important changes have raised serious concern within the industry regarding the economic impact of taxing RRSPs, Canada's 20 per cent Foreign Content property rule, and the decrease in the age at which a planholder must convert an RRSP to a RRIF. Canadians increasingly realize that, as years go by, savings for retirement will be more and more their own individual responsibility. But aside from looking at restructuring the Canada Pension Plan, and possibly allowing some pension monies to be invested in the stock market, rather than in government debt, the federal government needs to take a longer view and to recognize that it may not hamper Canadians' abilities to provide for their own retirement.

Changes in the February budget removed the tax deductibility of trustee and administration fees paid by RRSP and RRIF holders. Many people currently pay these fees directly from their RRSP or RRIF plan. The technical interpretation provided by Revenue Canada in May stated that everyone who pays the fee from inside their RRSP or RRIF must be listed on a withdrawal tax form and be subject to withholding tax on the amount. IFIC lobbied against this and the result is that RRSP planholders will not be required to use the above documents, saving Canadians tax dollars and needless administrative costs for IFIC members. This is a significant victory for the investor. ■

The freeze on the maximum RRSP contribution at \$13,500 until 2002 is not progress. Nor is the damaging change reducing the later age to convert an RRSP to a RRIF from 71 to 69. These changes create significant and detrimental effects for one saving for retirement. The compounding that occurs in the first two years of one's registered plan can literally be the difference between sound comfort and poverty. For example, a \$250,000 nest egg earning a 10 per cent return compounded over the first two years puts the nest egg over \$300,000 two years later.

The federal government's determination to keep the 20 per cent Foreign Content Property rule for registered savings plans does not encourage Canadians to take adequate opportunity to invest for their retirement in securities outside of Canada. Investment income constitute more than 85 per cent of the assets on which privately funded retirement income depends. The ability to achieve the best returns possible should be unencumbered by government-imposed investment restrictions. To abide by the Foreign Content Property rule when investing in a portfolio, managers and investors are faced with the following situation.

Retirement and pension funds are limited to 20 per cent foreign property in a portfolio. But 97 per cent of the securities market is foreign. Canada represents only 3 per cent of world securities. Based on the Foreign Content Property rule, Canadians have to look at 3 per cent of the world securities for 80 per cent of their investments. Canadians would benefit from investing outside of Canada more than the federal government currently allows them to do under their registered plans. *Mihai Krol, IFIC* ■



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\* As of October 31, 1995, Fidelity Investments managed over \$253 billion worldwide. Back弘icity Fund has a simplified prospectus, which contains important information. Please contact a broker, read it carefully and consult your advisor before investing. There is no assurance that any fund will achieve its investment objectives. Past performance is no guarantee of future results. Fidelity will distribute dividends quarterly. Investors may experience a loss or gain when selling their units in any mutual fund.

### ECUADOR SOBERS UP

Declaring that "the party is over," Ecuador's third president in a week sought to normalize life after the ouster of eccentric populist Abdalá Bucaram. Interim President Fabián Alarcón, who will rule until August, 1996, was installed by congress after Vice President Rosalía Arteaga served for two days amid high-level confusion. Bucaram, known as "El Loco" (The Madman), toured the region and denounced his dismissal as a "coup d'état."

### THE BODYGUARD WINS

Hoping he would reveal "compromising material" about Kremlin figures, the first former bodyguard of President Boris Yeltsin won a hard-fought by-election to Russia's parliament. Alexander Korzhakov, a former close friend of Yeltsin ousted in June, beat chess champion Anatoli Karpov and eight others for the seat as the central Moscow city of Tula.

### CHINA'S MUSLIM UNREST

Chinese authorities sentenced an alleged leader of two days of rioting by Muslims in northwestern China that left 100 dead and about 200 wounded. Residents of Yining, near the border with Kazakhstan, and about 1,000 minority Uighers arrested, can, looted shops and shot dead pro-independence slogan.

### TRIAL FOR KING'S KILLER

The family of slain civil rights activist Martin Luther King backed confessed killer James Earl Ray's plan for a new trial. King's son, Dexter, and a trial would probably vindicate the living Ray, 68, who recounted his confession to the 1968 Memphis shooting shortly after being sentenced to life in prison. Dexter King and his father's former associates claim to be the real gunmen.

### TRIUMPH IN TUGOSLAVIA

At the behest of President Slobodan Milošević, the Serbian parliament approved the reinstatement of Novi Sad local election results favoring the opposition. Despite gaining its key demand, the opposition alliance initially kept up its street protest in Belgrade, seeking further reforms. But at week's end, leaders agreed to temporarily suspend the protests.



Shouting antigovernment slogans in Vlora, Malta's investment

## Albanians reach the brink of civil war

The Islamic Mafia, the war in Yugoslavia and a weak banking system have come together to bring impoverished Albania to the brink of civil war. Thousands of protesters last week continued to gather daily in the port city of Vlora, where two days of battles killed three people and wounded more than 150. Fighting began last month when people took to the streets of the capital, Tirana, to anger

former Yugoslav triggered the crisis, which ended the demand for unchanged oil and arms that had brought \$1 million a day into Albania. To Rome, intelligence officials revealed that while the Albanian funds to launder their money, "Mafia organized crime groups had a hand, if not their entire arms, in the financial schemes which have defrauded one-quarter of the Albanian population," said one officer.

### JUSTICE

### Simpson's penalty rises

A Los Angeles jury jury awarded O.J. Simpson to pay \$33.8 million in punitive damages to the families of murder victims Ronald Goldstein and Nicole Brown.

Simpson's wife, Adela, filed an earlier award for compensatory damages, the decision left the former football star liable for more than \$45 million—\$35.5 million in U.S. \$1-in-the-windshield awards plus \$1.3 million set aside by the victim's families. After his 1995 acquittal on murder charges, Simpson opened an office by Goldstein's father, Fred Goldstein.

To meet just 10 percent of the debt in cash, he sought a signed confession of murder. Simpson and his wife will not sell his California mansion in order to pay the damages. But suits from around the world have driven the price of the house to \$17 million—about 45 percent more than its local market value. Simpson is expected to appeal the awards.

### Delaying a Cuba bid

The European Union asked for a week-long delay before the World Trade Organization names a panel to decide on Washington's anti-Cuba Helms-Burton law. The move was designed to buy time for Europe to try to settle its dispute with the United States over the US's refusal to penalize countries that do business with Cuba. Washington maintains that the law is a matter of national security, not trade—a position with broad implications for the General Agreement on Tariffs and Trade as well as the WTO. "For such a system to work, it must not be possible for one country

to evade its operation simply by proclaiming that its national security is involved," said EU Trade Commissioner Leon Brittan.

In Ottawa, International Trade Minister Art Eggleton said he supports Europe's effort to negotiate a compromise, which would also benefit Canada. But there were reports that European diplomats were mated that Canada held off launching a complaint under the North American Free Trade Agreement until the WTO makes its ruling. Canada also seemed to go its own way by rejecting a U.S. initiative proposing Cuban democracy—which Europe joined—then signing a mild human rights agreement in Havana last month.

# The widening rift at CTV

BY JOHN SCHOFIELD

**B**ill McGregor scowls at the very notion. Shouting, he says, was never the way they did business around the boardroom table at the CTV Television Network in Toronto. Now, nothing—that was a different era. Then not. Most definitely, says McGregor, a director of the company from 1985 to 1992. In fact, the internal dissension that has plagued the loosely knit network of 25 stations for much of its history would be enough to get anyone down. Twice in the past five years, the Canadian Radio-television and Telecommunications Commission has given the network provisional licence renewals while its shareholders hammered out new ownership agreements. "We used to have some pretty good go-rounds," says McGregor, currently a consultant with Rutherford, Ont.-based Electrahome Ltd., a CTV part owner. But through it all, decorum was the order of the day. "We were a canker group."

Relations in the CTV boardroom are about to become less cordial. A flurry of CRTC decisions over the past six months has radically reshaped Canada's television landscape and could fracture CTV's already-jointed board beyond repair. The changes promise to bring the private network's major shareholders into direct conflict, and in all probability will signal the end of CTV or force it into the hands of a single owner. "It's been teetering on the brink of disaster for several years," says David Ellis, a Toronto media consultant and author of *Networks*, a 1991 book about Canada's English-language TV broadcasters. "There have been many attempts to perform surgery on the basic structure of the network, but the inherent conflicts of interest have never been resolved."

Far from resolving anything, the CRTC recently exacerbated tensions at the network. In late January, the federal agency awarded a body contested television licence for Vancouver to Baton Broadcasting Ltd. of Toronto, CTV's principal shareholder. The decision brings Baton, controlled by Toronto's Eaton family, into direct competition with the network's second largest shareholder, Vancouver-based WIC (Western International Camera

Technologies Ltd.), which owns British Columbia's most popular channel, BCTV. WIC and Baton already compete head-to-head in Alberta, with WIC's two independent stations, CTV 11 Education and CBLT 11 in Calgary, going up against Baton's two CTV affiliates, Edmonton's CTV 2 and Calgary's CFCN.

A similar battle is shaping up in Central Canada. Last summer, the CRTC approved a bid by WIC's sole independent station in Hamilton, CHCH, to broadcast its signal across most of Ontario. That puts CHCH into competition not only with Baton's CETO in Toronto, but also the CFTL in London, CJOH in Ottawa and 12 other Baton stations in the province. The battle claimed its first victim last week when Baton cut 154 jobs at its Guelph station. "The advent of new competitors places great pressure on our affiliate revenues," explained George Land, a senior Baton vice-president.

In spite of the intensifying rivalry with Baton, WIC moved last October to double its share of CTV to 28.68 per cent by buying Montreal's CFCF from George Valoukas Ltd. for \$70 million. Registrars are expected to approve that deal in March. Baton, meanwhile, is awaiting approval of its \$117-million merger with Electrahome, which will increase its stake in CTV to 42.72 per cent.

In its lofty role as a purveyor of Canadian culture, the CRTC is expanding each broadcaster's potential market in order to raise ad revenues and encourage more original programming. The latest moves leave English Canada's three major private broadcasters roughly tied in terms of market share. Once its Vancouver station is operating, Baton will reach about 30 per cent of the country's English speaking audience. WIC's empire, with the acquisition of CFCF, will encompass 75 per cent of the market, while CanWest Global already reaches 72 per cent. CanWest could increase that to 70 per cent if the CRTC approves its bid to crack the Montreal market by purchasing CKRM, a Montreal station that now serves Quebec City's small anglophone community.

The newly leveled playing field could quickly turn bloody, however, as the three equally matched broadcasters slug it out for the most popular new shows. Both Baton and WIC—along with Global and CTV—now vie for the national rights to Canadian and U.S. programs, in some cases raiding those rights outside their own broadcast area. In practice, both Baton and WIC intend to avoid bidding against CTV, but the increasing competition between the two nevertheless threatens to poison the air at the network, suggests Stuart Craig, the president of Craig Broadcast Systems Inc. of Brandon, Man., one of the losing applicants for the Vancouver licence. Says Craig: "Definitely there's conflict there as far as purchasing of programing and going after advertisers."

Vancouver promises to be one of the toughest battle-



• The world evolves and changes, and I think nothing is forever. •

—Ivan Fecan, CEO of Baton Broadcasting Inc.

grounds for WIC and Baton, which has long coveted a piece of the city's lucrative ad market. "Not-in-burst Vancouver was a enormous competitive disadvantage because our competitors in Vancouver are very much in our markets," says Ivan Fecan, Baton's president and CEO.

CTV will feel the uninvited presence of Baton almost immediately. The city's No. 1 channel, with nearly double the market share of its closest rival, CTV currently buys the Vancouver rights to 11 programs from Baton, including such hits as *Archie Bunker and House Improvement*. Cope and all of those shows will appear on Baton's new Vancouver channel, CTV2, putting a huge dent in CTV's ad revenues, says Bill Pich, associate media director in Vancouver for BBDO Canada, a Toronto-based advertising agency. "The got Archie Place booked for CTV 2 right to the end of the year," he says. "But if it moves to [Baton's] CTV2, I've got to look to see if CTV will have comparable programming. Otherwise, we got to reprogram."

Some of those programs will be impossible to replace, admits Jim Macaulay, the president of Toronto-based WIC Television Ltd. "There's no question that there will be some impact on CTV from the loss of those shows," he says. But much of the damage, he argues, will be offset by the fact that Vancouver is the country's fastest-growing television ad market. "Costs have basically doubled in the past five years," says Pich.

It will take more than healthy ad rates, though, to mend the cracks

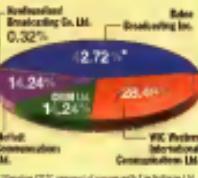
in CTV's management structure. Not surprisingly, both Macaulay and Fecan are at pains to play down their potential differences. Fecan, a former CBC and NBC executive who was once touted as the boy wonder of Canadian broadcasting, maintains that Baton's Vancouver licence changes nothing as far as CTV is concerned. "I can't imagine why it would complicate things." And both men profess their commitment to the network. With about 80 per cent of Baton's revenues coming from its CTV-affiliated stations, "CTV's health is very important to us," says Fecan.

Even so, Baton and its fellow shareholders forced the network three years ago to reduce its broadcast time by a third, to 40 hours a week. CTV retains the ad revenues for that time and pays its affiliation an annual fee, which totalled \$17.5 million in 1995. For their part, the CTV board members agreed to surrender their right as individual shareholders to vote CTV initiatives, opting instead for majority rule. The deal resulted in an even split to the boardroom, but how long it will last is open to question. "August, 1995, is the end of the current agreement, and there is the opportunity at that time to make all kinds of changes," says Macaulay.

While most of the shaping takes place behind closed doors, skirmishes occasionally break into the open. Last season, for example, WIC bought the rights to *Seinfeld* from a Times-Warner show starring Boz Baskin, and aired it on some of its stations during a prime-time slot normally set aside for CTV—sacrificing the network's other shareholders. Another sore point for Baton is that it

## A NETWORK DIVIDED

CTV's voting shareholders





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# Personal Business

## Kids, bosses and work

**L**inda Dubuary likes to say that she is living her research. An associate professor of business at Carleton University in Ottawa, she has spent eight years studying how Canadians cope with conflicting work and family demands. In her case, the subject is more than academic interest. As the mother of an energetic nine-year-old, Anna, Dubuary often finds herself torn between her family and the pressures of a demanding career. You might think that her research would make things a little easier, but she disagrees. "The truth is that studying this stuff doesn't help a hell of a bunch. If anything, I feel more guilty than most mothers because I know what I should be doing and still I don't."

Actually, Dubuary is selfing herself short. She and her husband, John, who also teaches at Carleton, have devoted a lot of effort to structuring their lives so that they can spend as much time as possible at home with Anna. It's still a challenge, but Dubuary knows that they are among the fortunate ones. For many working parents, she says, the struggle to balance work and family is becoming a greater and greater burden.

How can that be, when the factors in recent years have been for companies to problem—loudly and repeatedly—that their most important assets are their employees? Dubuary has heard all the rhetoric, but she isn't buying. "All those mission statements and plaques on the wall are meaningless if there's no real commitment," she says. "At most companies, what matters is whether you meet your deadlines, get how supervisors treat their employees."

And it seems to be getting worse. As part of a study sponsored by the Social Sciences and Humanities Research Council, Dubuary and Christopher Higgins, a business professor at the University of Western Ontario, have been conducting annual interviews since 1984 with more than 700 working couples across Canada. In 1986, for the first time, none of the couples they interviewed could identify changes at work that had

made it simpler to balance work and family. On the contrary, three-quarters said it was becoming more difficult. Many of the participants pointed out that downsizing had created increased demands and heavier workloads. Others complained that uncertainty and lack of job security had made it more difficult to say as when a boss asked them to take on extra work, stay late or come in on the weekend.

Dubuary calls this motivation by fear,

adding that it is no longer acceptable in today's business world for people who have jobs to criticize conditions at work. "The response is always, 'What are you complaining about? At least you've got a job!'" The economic conditions make it easier for managers who are jerks to get away with it, because people on there are afraid."

In a separate study of 36,000 employees, Dubuary and Higgins found that men were more likely than women to say that family pressures interfered with work. The response puzzled them until they realized that fathers who stay at home to care for a sick child—or who switch to part-time work because of family demands—are more likely to be negatively labelled by colleagues and managers.

What's the solution? Perhaps if the economic improves and workers begin to feel that they have other alternatives, companies will be forced to implement more supportive policies to avoid losing valued employees. (Dubuary says that is already starting to happen in certain highly competitive sectors, including telecommunications and financial services.) Meanwhile, she advises people who are interested in more flexible work arrangements not to rely on moral arguments but to prepare a solid business case demonstrating why such an approach will improve the bottom line. Fortunately, she says, that isn't often difficult; her own research shows that parents who are successful at balancing work and family demands are absent from work one-third as often as people who find it difficult to balance those responsibilities.

For many people,  
the struggle to  
balance jobs  
and family is  
getting harder,  
not easier

# Business NOTES

## NEWSPRINT GIANT

Abito-Price Inc. of Toronto, the world's largest newspaper producer, is merging with U.S.-based St. Louis-based *McGraw-Hill*. The new company, *McGraw-Hill Consolidated Inc.*, would have annual revenues of \$5.2 billion, 12 paper mills and nearly 15,000 workers around the world. The new company said they will move more than \$100 million a year in efficiencies.

## THE BUSINSG GANG

Yet another growing concern joined the *Byzantine* battle for control of the world's newest gold find, RITZ Corp. of British and Foothprint-McGraw Cooper and Gold Inc. of New Orleans made a joint bid to develop the *Byzantine* deposit in the jungles of Indonesia. They join three other contenders to mine the site, descended by *Carrey's* the X-Resources Ltd.

## CRITIC SENT HOME

Canada's most vocal critic of the \$21.2-billion instant-fund industry, *Government* Sherron, was asked to leave her office at the Ontario Securities Commission in Toronto where she is a part-time member. Friends speculated the agency is trying to insulate Sherron, whose 1985 recent controversial, even questionable sales practices, led by a key Sherron recommendation, a national securities commission, moved closer to reality when Ottawa agreed to compensate the provinces for lost revenue.

## FOREIGN BANKS WELCOME

The federal government said it would introduce legislation this year to allow foreign banks to expand their business in Canada. The move would be aimed at increasing competition. The government also introduced amendments to the Bank Act covering everything from privacy protection to credit-cards disclosure.

## AN OILPATCH MATCH

Calgary's *Mountains Petroleum Ltd.* finally found a company it could love. After rejecting a takeover by Canadian Oil Energy Corp. of Calgary, *Mountains* agreed to a \$600-million merger with Northern Energy Corp., one of Calgary's two other *Calgary* companies, *Reservoir Petroleum Corp.* and *Champion Petroleum Ltd.*, announced a \$750-million marriage, while *Wileman Energy* launched a hostile \$1.5-billion bid for *Regent's* *Winnipeg Energy Inc.*

## A union at Wal-Mart

I took a 23-year-old jewelry clerk to defeat the world's biggest retailer. Mary McArthur, who is a drive to unionize the Wal-Mart store where she works in Windsor, Ont., scored a surprise victory when the Ontario Labour Relations Board agreed to certify a union local organized by the United Steelworkers of America. Until then, the 35-year-old daughter of a union dad had beaten every effort to unionize any of the 2,300 stores worldwide.

Employers at the Windsor store, where 211 to 45 signed a union last May. The labor board ruled, however, that Wal-Mart executives authority pressured the workers by refusing to say whether the store would be closed if it was unionized. The board said another vote would be useless because employees' attitudes had already been influenced by the fear of change.

Two weeks before the vote, McArthur and her colleagues collected union cards from 45



per cent of the workers. McArthur said she planned for a union because Wal-Mart staff earn less than many other retail employees. Wal-Mart clerks average \$8 an hour plus premium pay for performance bonuses, compared with \$10 to \$11 an hour at eight unionized Wal-Mart stores. Wal-Mart Canada said it was considering an appeal. "We sort of were played by the rules," spokesman Ed Gould said.

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## FINANCIAL OUTLOOK

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## New options for on-line traders

For frustrated stock traders who have been put on hold since too often, there is good news: Investors who know how to navigate the Internet can choose one of several relatively inexpensive on-line trading systems. Over the past two months, Hongkong Bank, Toronto Dominion Bank and BMO Canada have all introduced Internet trading services.

All three companies emphasize low trading fees, but investors will have to sign up and pay to get the service that best suits their needs. TD WebTrader carries no monthly fee and offers 50 free malware stock quotes a month; additional quotes are 25 cents each. Investors also receive a 20-per-cent discount on commissions, which start at \$39. ETrade, says president Colleen Moorehead, has no monthly fee and charges a minimum of \$39.88 for trades. Investors need a minimum of \$1,000 to open an account.

The Hongkong Bank's service costs \$28.88 a month, with a \$2 discount for each trade-making, in effect, that the charge is waived



Moorehead trying to grab a piece of a growing market

for active traders. In addition, investors save 10 per cent off the bank's regular commissions, which start at \$31 per trade. Says Peter Ebdon, president of Hongkong Discount Trading: "Ten per cent of our revenues are generated by trades through the Net, and it will probably account for 50 per cent by the year 2000." For conservative investors, the next trade is only a mouse-click away.

mean 185. In addition, gradual improvements in automobile fuel efficiency have reduced the overall national gasoline bill for most Canadians.

According to a recent Statistics Canada study, the inflation-adjusted cost of gasoline declined an average of 1.5 per cent a year between 1987 and 1992, mostly because of discoveries of crude oil and increases in refining capacity. Prices rose sharply in the wake of the 1973-1974 OPEC oil shock, but since 1985 the general trend has been to lower prices. In 1992 dollars, the average price of gasoline within the country now sits at \$8.8 cents a litre, about one-third

higher than it did in 1985. The price of gasoline in cents per litre in 1993-1994 is:



60 cents. That, combined with the introduction of more fuel-efficient cars, has reduced the average cost of fuel for a 100,000-kilometre car from \$8.16 in 1974 to about \$8.80 last year, the lowest point in 40 years. Happy motoring.

## The price is right

As May, when Holly and Marlene Crippen of Edmonton were shopping for a replacement for their Pontiac Trans Sport, they thought logic and hard work spending \$44,000 on a half-loaded 1993 Chevrolet Tahoe sport-utility vehicle. Between the four-wheel-drive track averages only 22 miles per gallon. Ultimately, the Crippens bought the truck, but not without some misgivings about the cost of filling up. "If I had the choice," says Madeline, "I'd want it to be more fuel-efficient. If gas prices were lower, we wouldn't have had to think about it."

Like a lot of Canadians, the Crippens might be surprised to learn that, after adjusting for inflation, gasoline is about as cheap now as it

**FORECAST** \* AUTO SALES on the books of a spring 1996 vehicle sales across Canada this year will rise at least 4.5 per cent to 1.26 million, analyst Dennis Desjardins says. "But my gut tells me it will be more like 10 or 12 per cent." Sales of light trucks should lead the pack, jumping eight per cent to 550,000. With the weakening of prices of Japanese cars will likely increase only one to two per cent, says Desjardins. North American cars will need between two- and four-per-cent more, partly because of more expensive fabric agreements.

# Money Talks

## Big money motoring

St. John's, Nfld., is the most expensive city in Canada in which to own a car, according to Ruel Shinerer Canada Inc., a management consulting firm. Total operating and maintenance costs average \$9,700 a year in St. John's. In Winnipeg, the least expensive city in which to own a car, the annual bill comes to \$8,092. The estimates are based on the use of a six-cylinder 1997 Ford Taurus. High insurance rates play a major role in the higher vehicle costs in St. John's, Toronto and Montreal.

## Annual vehicle costs

	\$2,700
St. John's	\$9,562
Toronto	\$8,211
Halifax	\$8,094
Vancouver	\$8,082
Ottawa	\$8,054
Regina	\$8,116
Calgary	\$8,378
Winnipeg	\$8,043

## Banking on youth

Electronic banking is catching on quickly with young people, but older Canadians remain wary. Thirty-one per cent of respondents aged 18 to 29 now bank by phone or computer, compared with 12 per cent of those 65 or older, says a survey of 900 people commissioned by A. T. Kearney Canada. Among respondents who have not tried telephone or computer banking, 22 per cent say they find the concept too impersonal. Five per cent oppose remote banking because they fear it will put bank employees out of work.

## Foreign content rules

Investors rushing to raise the 20-per-cent foreign-content limit on RIFPs can keep dreaming, as far as Finance Minister Michael Martin is concerned. "Money is a long term," Martin recently told Maclean's. "But I can tell you that I would have to start earning money for a long time before I'd get to that one." He added that, because of the tax break on RIFPs, Canadians owe it to their country to keep the money invested at home. "If we ever got to a point where [budget] surpluses became a matter of course, the argument might shift," said Martin.

# The Nation's Business



# Peter C. Newman

## The best Valentine: a high-tech heart

about 50,000 Canadians die of heart disease every year. A transplant is often the only sustaining therapy that might have saved them, but with fewer than 250 suitable hearts available, not many patients are granted renewed life in Canada.

That tragic situation is about to change.

An artificial heart, once implanted,

and recharged without invasive surgery will become available by century's end. Apart from the obvious health benefits, the technological breakthroughs involved will spawn a major new Canadian industry, worth at least \$3 billion annually.

A trio of Ottawa-based visionaries deserve most of the credit. They are: Wilbert Reznik, the renowned cardiovascular surgeon who 23 years ago founded the University of Ottawa Heart Institute where the artificial heart is being developed; Toyo Masujiro, a medical researcher at the institute who holds doctorates in both medicine and engineering; and Fred Bryden, a local high-tech investor who also owns the NHL's Ottawa Senators.

"It's terribly exciting," Dr. Reznik told me in a recent interview. "The artificial heart represents the coming together of a quarter of a century of research. The technology that relates to heart failure will evolve into similar devices to treat other diseases that can be re-implanted to help prolong people's lives. We can help individuals with a life expectancy of many days, weeks and years. The cost of devices that isn't out of line with other health expenditures."

Canada isn't alone in developing an artificial heart, but seems to be leading the pack. An American medical team at Thermo Cardio Systems near Boston has developed a similar device, but unlike the Canadian invention, its larger size requires implanting it in the abdominal cavity, and that in turn necessitates two externally visible tubes pushed through a patient's diaphragm to connect with the heart area.

The revolutionary substrate heart was developed primarily by Dr. Massimo, director of the cardiovascular devices division at the Heart Institute. "See the body as a masterpiece of technology created by God," he says. "It's a difficult act to follow."

True enough, but Massimo's case has come close. The actual pump that he and his team will put together isn't much bigger than the original organ, and instead of being substituted for the device is implanted in the chest cavity right next to the heart, which is never removed. The device then uses an energy converter driven by electric impulses to provide regular strokes to assist the damaged heart. It's attached to a button-like pad under the patient's skin, and this is where the magic comes in. A cardiac reservoir is plugged into a battery pack worn on the patient's belt that allows electricity to be transferred directly through the skin to recharge

the heart/pump's batteries. The same device can raise or lower blood pressure. These symptoms can be transmitted easily along telephone wires or by inflate so that patients almost anywhere in the world can be monitored by their physician. The final magic touch is that the attending physician can correct any irregularities they spot by transmitting the required signals to the heart pump through that same telephone line.

Once perfected, this will mean that patients with artificial hearts will be able to lead a fairly normal existence, with the long-distance monitoring functions potentially prolonging their lives to normal limits. But the aging of other organs will interfere with the dream of eternal life. All of the stand-alone technology has been proven out, except the human implanting of the device. That human test is expected two years from now. Meanwhile, the Canadian prototype has been successfully implanted in cows, and one stand-alone model, built to last 88 days in 1992, is still pumping on the 48th bench.

Research costs involved in the project so far total more than \$24 million, most of it from government funds and foundation grants. As these funds come close to exhaustion, the team in the form of Bryden, Reznik and Massimo, is an imaginative Ottawa entrepreneur who, among many other projects, built the Cardi Centre, which has become Ottawa's favored venue for major music attractions and sports events. Together with Michael Copeland, the head of Cardi Corp., and Des Couris, Bryden's initial head of Ganzell Technologies Inc., Bryden incorporated World Heart Corp. to market the Canadian invention and has raised private and public stock placements that have raised \$17.4 million. (The Ottawa Heart Institute Corp. retains a 14-per-cent equity interest in the company, as well as future royalty rights, Bryden holds a 30 per cent.)

Bryden is well aware that he has at least a three-year waiting period to realize any profits that his enthusiasts seem to have. "We never used a product with the competitive advantage of the Heart Institute, as we've decided to call the device," he told me. "In North America alone, nearly four million people are diagnosed every year with heart problems that this device might offset, and I estimate that as many as 250,000 patients a year could actually benefit medically eligible for an implant."

At the projected cost of \$800,000 per Heartliver, that would mean a multi-billion-dollar business. But first, another \$50 million will have to be raised to complete medical and commercial trials and to build the factory that will eventually manufacture the device.

Bryden sees no problem finding the new funds. As he aptly points out, "Look at the alternatives for the end user. And the alternative is death. That's a great marketing tool."

'I look at the alternatives for the end user. And the alternative is death. That's a great marketing tool.'

BY PATRICIA CHISHOLM

**A**t times, the surroundings must seem grim. The white walls are devoid of decoration, except for a home-made Valentine addressed to "Mama" on the refrigerator, and two beds are pushed together in the dining room to create more space. In the kitchen, Jonathan Robillard hugs his small tawny cat, Charlotte, as the brushes against his round, serious face. The nine-year-old waffles dyslexically when asked how he likes living in the cramped apartment he shares with his mother, Magrette Robillard, and his brother, Jean-Sébastien, 7, in the St. Henri section of Montreal. "It's not all repaired, I'd like it a lot more," he adds after a thoughtful pause. "In the bathroom, there's a big hole."

His mother, who lost her job as a cashier in 1992 and has lived on welfare ever since, recalls what it was like when she was earning \$8.50 an hour in a hardware store that went bankrupt during the last recession. "He had everything he wanted," Robillard, 40, says of Jonathan. Now the family scraping by on welfare of \$843 a month, \$383 of which goes for rent and electricity. Al-



**Canada has an embarrassingly high rate of child poverty**

*Left: Magrette Robillard (right); the Robillard family (above) receives aid from the most recent recession*



wide swath through society, hitting people with years of work experience, as well as those who may be fighting such familiar barriers as racial discrimination or generators of welfare dependence. Busting the stereotypes, 85 per cent of poor children live in two-parent families. For those families with only one parent, conditions are even worse: their poverty is 100 times mixed with social isolation and acute stress.

Poverty alone, of course, does not make for troubled families. Experts emphasize that poor children with available parents do just as well as other children. However, when seemingly endemic problems such as family violence are mixed with poverty, the outcome for kids is bleak. "The connection is not direct," says Ted Fricker, associate professor of social work at the University of Manitoba, "but we find that adults who were poor as children are overrepresented among those with low educational achievement, patterns of unemployment, poor health and family violence."

Chronic unemployment and government cutbacks—both potential triggers for child poverty—are becoming far more common. It is also clear that women and children frequently bear the financial burden of family breakdown. While only about five per cent of all Canadians live in families headed by a single parent, usually a woman, the number of those who live below the poverty line is shocking: almost 60 per cent. That is also because the average income for a two-parent family with one wage earner—about \$44,000—is adequate for most intact families, but falls far short when it must be split between two households. At the same time, spending on child benefits has dropped to \$5.3 billion in 1996 from \$6.6 billion in 1984, adjusted for inflation.

Whence the risk factor: a piecemeal approach, the consequences are often sobering. Kristy Dally, 26, left school after Grade 3, about the same time her parents' marriage collapsed. For her relatively prosperous family, the breakup was both a financial and emotional disaster. She now needs to tell her mother: "My life went downhill from there," says Kristy between mugs full of macaroni and cheese at the Mustard Seed Street Ministry, a centre for low-income families in downtown Calgary. Beside her, in a Mac. sweater, is her one-year-old daughter, Alisha. Her other children, by a different father—ages 17 and 3—live with foster parents. Kristy, unfortunately, is three months pregnant with her fourth child.

Sitting close by is her father-to-be, Wayne Morris, 21. The couple, who plan to marry soon, try to make ends meet on social assistance of \$7,310 a month and the jobs that Wayne gets through a temporary placement service. On good days, he does heavy hauling in a warehouse or shoveling snow for \$7 an hour. But the chances of the two finding steady work are slim. Kristy has few job skills and Wayne was kicked out of school and has low-income housing when he was 16. Says Kristy, "It's tough to find work when you have no experience or education."

Often, the middle-class response to such a

through Robillard has only a Grade 10 education and says she receives no assistance from the boys' father, she never expected this. Despite scores of attempts, she has been unable to find another job. "It was very disappointing for me because I'd never been on welfare," says Robillard. "I always relied on myself."

The sight of poverty is nothing new in Canada, but in recent years the extent and depth of the problem has become a national embarrassment. The country that prides itself on its social safety net now has the second highest rate of child poverty in the developed world—one in five, or roughly 1.5 million kids—surpassed only by the United States. The issue finally gained national focus last fall when Ottawa announced it would create a new child tax benefit for poor families in the 1997 budget, being tabled by Finance Minister Paul Martin this week. But the program has not been greeted with the unrestrained praise the government had expected. Many believe that the extra cash—an estimated \$225 million—falls seriously short of what is needed, others argue the money would be better spent on job creation or specific programs aimed at such corrosive problems as neglect and addiction. The new benefit also has been dismissed as a feel-good notion, partly designed to renew the cost-cutting, liberate-oriented image of a can-

ing government in the pre-election muckrake. "We are concerned that this is a sop-sket deal," says Lynne Teague, executive director of the National Anti-Poverty Organization. "The problem has gotten much bigger, and we need a multi-year, multi-pronged strategy to attack this in a comprehensive way."

Certainly, something needs to be done. Since 1990, the number of children living below the poverty line has jumped by 45 per cent—largely as a result of the recession of the early 1990s and the so-called jobless recovery. The majority of poor children live in families with incomes more than \$10,000 below that line, set by Statistics Canada at roughly \$65,000 for a family of three. Being in a family of more than 500,000. Poverty has cut a

prejudice can be anger and incredulity. But Paul Steinherz, a psychiatrist at Toronto's Hospital for Sick Children, sees an outpouring of better social supports for children, warns. "If we try to punish the parents by withdrawing support, we will only create more anguish." Certainly, children appear to be suffering because of social welfare cutbacks. As part of a massive deficit-cutting campaign, Alberta is lowered the income welfare recipiency rate 1995, shown rates by 15 per cent. Front-line workers like Linda Gibson, who counsels families at risk at a Calgary group called Families First, say they are seeing more well-intentioned parents who cannot seem to cope. "I used to be that if you saw a child who was pale and undernourished it was because the parent had a substance-abuse problem," she says. "Now, more and more, it's because people don't have enough money for food."

While almost all of the provinces, bent on balancing their books, have followed Alberta's example by cutting welfare benefits, British Columbia has chosen a different course. Last July the province announced the B.C. Family Bonus, a new cash payment that benefits 200,000 families with net incomes of \$15,000 or less. Under the program, basic families receive up to \$1,200 per year per child, the same amount paid to families on welfare. Last month, a study by Toronto consultant Michael McDonald, found that the new money has reduced the number of two-parent families below the poverty line by 15 per cent. Among single-parent families, the reduction was 26 per cent. In an interview with Alberta's Premier Ed Stelmach, critics charged that the money would have been better spent on job creation or increased welfare benefits. "With scarce resources," he said, "we had to help the working poor."

Margaret and Elmer Wilson, who live in Vancouver's east end, believe the new benefits will make a big difference to their family. Margaret, 27, cares for their four children aged 2 to 7, while Elmer, 38, works as an optical laboratory technician for about \$30,000 a year. They depend on a clothing exchange at their local school, as well as an annual \$100 bazaar run by Elmer's native band, the Heiltsuk, and the presents and groceries provided by neighborhood sponsors at Christmas. "I wouldn't want to think about what it would be like if we didn't have these things to help us out," says Elmer. "I work hard, but we live paycheck to paycheck." The new money will be especially welcome once their third child arrives in April. "It will still be tough, but I'm not panicking any more," he says. In fact, Wilson says, he simply accepts his circumstances as a fact of life. What he objects to, he says, is the way others sometimes judge his family. "Not all Indians are drunk," he says. "I don't drink and I don't do drugs. There are many of us here who are struggling."

The federal program does, in fact, borrow some of its features from the B.C. model, creating incentives for low-income working families to stay off welfare. But according to family advocates, a wider variety of help is urgently needed. Robert Gossop, research director of the Ottawa-based Vanier Institute of the Family, has spent more than two decades studying the problems faced by poor families. "The big concern," he warns, "is that Canadians may be tempted to think this new program will fix things. But this is just the beginning—it's not a magic potion." Programs targeted at specific problems, such as job creation or family breakdowns, are also badly needed, he says.

Nothing would be more welcome for Jason and Shelly Van de Loo. With Grade 11 educations, little work experience beyond

�
   
Anita with Bentley.
   
Mama—poor education,
   
few job skills



## Poverty has cut a wide swath through society

exams. Last week, critics attacked the program for ignoring families like the Van de Loo's. "This program speaks to the interests of middle-income Canadians who vote in greater numbers," says MP Chris Axworthy, a New Democrat from Saskatchewan. "People who have suffered the most are receiving nothing."

For those in large urban centres, the double whammy of unemployment and reduced government assistance has had particularly ugly consequences. Toronto has one of the country's highest concentrations of poor children—about one in four. Last year, the Tory government of Premier Mike Harris cut welfare rates by over 21 per cent, leaving many about unemployably strapped. Debra Clayton, 36,

who is trying to raise four children on \$1,075 a month, often cannot make ends meet. On one recent evening, dinner for her kids consisted of french fries, with one glass of milk reserved for the five-year-old, Kevin. Clayton's partner, the father of her two youngest children, recently left the family's three-bedroom suburban townhouse on the city's west end. Alcohol, Clayton says, was the culprit. Last July, cashing in on her mother's tag, says she is cashing the wants except "a few." But Michael, 11, who is having problems at school, is angry. Debra has youth, he is hungry for a job. "I want money," he says. "I want to buy things, and I would like a house without cockroaches and spiders."

Another Toronto family, who emigrated from Jamaica in 1991, are desperately trying to raise two teenagers in the Jane-Finch corridor, a neighborhood riddled with prostitutes, drug dealers and police as half-breeds. They are questing desperately to protect their children. The father, who works only intermittently as a carpenter, says he is into anger and depression but has fears for their marriage. But with a job cleaning hotel rooms for about \$15,000 a year and two teenagers needing emotional support, the wife has little energy left over. Her 17-year-old daughter wants to be a lawyer and is a star member of her school's track team, but achieving her goals could be more challenging than for most. Canadian teens like her are regularly targeted by drug dealers as she leaves the family home. "They call you 'skid'—she says "and try and talk you off the line." "Toyskidding." They call you skid and try to get you to buy drugs. The information also follows her into school. "I had the same classrooms with them," she says. "You have to be careful not to say too much or you will be beat up."

Closely, social assistance alone is utterly inadequate in addressing

the problems that burden the country's poor. Chris Seis, an economics professor at Niagara University's North Bay, Ont., and an adjunct scholar at the Fraser Institute in Vancouver, sees building a healthy economy as the best way to fight poverty. The game is to social assistance, he says, are short-term and can create long-term dependence. "Everybody needs a safety net," he says, "but people should have a sense of personal responsibility."

But Ken Battle, president of the Ottawa-based Caledon Institute of Social Policy and an architect of the new child benefit, believes a more measured strategy is best. "People pushing the benefit are the last to argue it is the whole answer," he says. "But income security makes a huge difference to the rate of child poverty." It's obvious that the poor need jobs, Battle adds, but poverty is the result of deeply rooted forces, such as family breakdown. The notion that the poor are the authors of their own misfortune has little credibility, he says. "The idea of poverty as pathology is despicable," he says. "It's a 19th-century idea based upon new language."

At least one new trend supports this view. Increasingly, low-income parents are designing and providing services for their kids. Collective kitchens, a sort of cooking bee where people come to prepare nutritious and economical meals, began in one of Montreal's poorest areas in the mid-1980s. The program made up mostly of women, who meet in small groups to cook large quantities of food, says Johanne Talbot, who helps set up new groups. Saving money is usually the primary goal, but the kitchens also create a support network. Their objectives are "as much as possible people psychology as physically," she says.

In Vancouver, the 1988 beheading of an eight-year-old boy who was walking home in the early evening prompted communities in the down-town Broadway corridor to start the Broadway Project. Children now have a place to stay when they are not in school and their parents are not at home, including all school breaks. Funded by government and private donations, the program provides breakfast, lunch and an afternoon snack, as well as arts and crafts, and day trips outside the city. "Occasionally, kids who have already graduated from the school will still come by, hang out and maybe grab a meal," says Joyce Chan, vice-principal of Granville's "Unacademich" Elementary, one of the project's schools. Kids who keep coming back to a place where they get enough to eat, feel safe and know they are surrounded by friends—there is hardly a better measure of success in the struggle to give children the things they need the most.

■
   
The Wilsons: a B.C.
   
innovation to help
   
the working poor



## CHILD POVERTY ON THE RISE



## Governments unite to help poor children

It may be that the poor will be always with us, but are Canadians willing to accept that stern biblical assertion—especially if it involves children? The federal Liberals are clearly banking on a resounding no. Finance Minister Paul Martin has just this week marks the first step in what Ottawa hopes will be a major federal-provincial crusade against child poverty. In two stages, Ottawa will increase its \$3.1-billion Child Tax Benefit program, which now provides annual credits of \$1,000 per child to all low-income families, and an extra \$500 payment to low-income working families with children. On July 1, the present working poor will increase to \$720 with the addition of \$125 million in federal money. And on July 1, 1998, if Ottawa and the provinces sign their part, the credit portion of the program that goes to all poor children will receive at least \$625 million in extra federal funds.

In sum, all 10 provinces have tentatively agreed to lower the portion of their welfare payments earmarked for children—which now total more than \$2 billion—by the amount that Ottawa adds to the child credit. They will put those savings toward services such as day care, school and lunch programs, and benefits such as dental plans for all poor children. A lot of these kids have really suffered,” Martin told Maclean’s. “Are we going to be able to eradicate the problem? Maybe not. But can we do it better for better?”

And with an election technically scheduled for early June, maybe pack up those votes as well. Liberal senator Michael Marolda, chairman of Toronto-based COTTARIS, had massive support when he argued at Ottawa last spring that a national program against the child poverty problem. Seventy-two per cent of the respondents declared confidently that the federal government could be effective. And a whopping 85 per cent supported an increase in the child tax credit. “This is a motherhood issue,” Marolda says. “Martin can do no wrong.” Still, others fear the initiative could backfire. “Introducing it so close to election is dangerous,” notes Conrad Winn, president of Ottawa-based polling company CUMPOS.

The problem is ever firmly widespread. Two months ago, Statistics Canada reported that child poverty had actually increased to 21 per cent of all Canadians under 15 in 1995—or almost 5.5 million children—from 19.5 per cent in 1994. And the new federal-provincial program is designed to tackle not only child poverty itself but also the so-called welfare trap, which ensures that it is more lucrative for parents to stay on welfare than to work for minimum wage. At present, provincial child welfare payments and benefits fit the balance in favor of the nonworking poor. As Ken Battle, president of the Caledon Institute of Social Policy, notes, an Ontario family on Welfare in 1994 with one child under seven and one child over 12 received an average of \$6,858 in combined federal and provincial child benefits. In contrast, a working-poor family received only federal child benefits—which totalled less than half the welfare family’s relief. Battle says the difference between what children of



Finance Minister Martin  
A lot of these kids  
haven't really suffered

## STANCHING A WOUND

the working poor and children of welfare families remains enormous in every province except British Columbia. The new initiative, by weighing the increases in favor of working-poor families, addresses that imbalance. It also represents a critical step

forward in federal-provincial relations. In the wake of this week’s budget announcement, federal and provincial officials will try to hammer out a formal pact. Ottawa will reinforce its financial commitment—but it will not promise to write off its fiscal funds indefinitely. The provinces, in turn, will spell out how they should spend their welfare savings. “This is the way of the future,” says Queen’s University economist Tom Campbell. “We have to have joint decision making on joint problems.”

Even if all provinces do not sign the final pact before July 1, 1998, the program will proceed. This July, the supplement to working-poor families will automatically increase. Then, as provinces that agree, Ottawa will go ahead with its promised increase to the child tax benefit. In provinces that do not cooperate, Ottawa will simply increase, once again, the payments that go to low-income working families—which will bolster the incentive to work. Says a senior finance official: “Whatever else, we want to encourage work.”

That discussion has spilled down to the provincial level. Officials in some provinces are divided over how to use their welfare savings: some argue for extra payments to all impoverished families, while others want to devote the extra funds to the working poor. Simon Fraser University economist John Richardson notes that poverty is often associated with factors such as single parenthood and persistent unemployment. “More passive, unaided assistance will not do much good,” he says. “Money should be used to make it more attractive to be working.” Like the problem, it is a debate that as yet will resolve overnight. But Ottawa and the provinces have taken the first baby steps to solve it— together.

MARTY JANGAN



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## Education

## Look back in anger

## **An ex-student sues a range of school officials**

**M**ark Rae can still vividly recall the precise moment he lost his childhood innocence. He was eight years old—a lonely kid from a broken home in the central Ontario town of Galtwood—when it happened. Then a single parent, had agreed to allow son to accept an assistant from his elementary schoolteacher to attend a movie at local drive-in, followed by an overnight visit to the teacher's home. All went well until the teacher, a married, 35-year-old father of two daughters, placed Mark in bed that night. The teacher first climbed into the boy's bed and roughly handled his genitalia, then removed the underwear completely and intercourse upon the youngster. "I was scared and it was startling and I didn't know what was going on," remembers Rae, now 27, the citizen of the incident that he views as starting a chain of events that altered his life. "That really destroyed my childhood," he says quietly after a long pause. "We were apart from one another for a long time and I can never get back again."

While that is as doubtless true, Rae, a career conductor, soloist, songwriter and author, has found a way to make the past a source of strength and inspiration.

opines Barry Swanson, Bar's law professor knows, or even suspects it may be illegal and they don't export it, then they understand they are guilty of an unlawful under law."

because, the relevant law is Ontario's *Military Act*, which stipulates that a person who has information about the death of a child "shall forthwith report that

against them. Of the three, only one was for the Senate board respondent. The other two calls made by Meridian's last two presidents were to the Senate. Not even then, it was to offer a blunt "no" on the matter. In time, the deans will be filing a statement of defense which will challenge the accuracy of the accusations.

He says he is not about to back off from his involvement. David Soliter, his attorney, has also filed criminal charges as a result of the incident. He was evicted last March and filed an injunction and removal action against the landlord and three other schoolboys in 1990 and early 1990s. In May, he moved in two years later, a day after he had moved out again early in January, almost one-third of his tenancy. It was then he became ineligible, in fact, that reinstated his termination to proceed with his case. "It bothers me," he confesses, "that after I've gone fast mess up so much in my life get out of jail after serving only seven or eight months."

At the same time, Mr. Goldstein would also like to see an accounting from the finance board and especially from the vice-principal, Geddes, now principal of a public school in Vaughan Beach, 25 km from Collingwood. Geddes will still have to hear a formal proposal of compensation to the students, one of whom is the boy's brother, John Geddes, about 16 years old. According to him, the official proposal is that he be separated from his parents. The police would have to be called in as well as the boy's mother and father. The official proposal would be that both of his parents would be charged with assault and battery, and the court would have to be involved as well. "Here I was, in a camp little eight or nine days," Geddes recalls, "and through a lack of courage I managed to gather enough courage to raise my voice, all they did was to raise me all over again." Geddes will be filing a defense challenging the accusations.

Perhaps just as disturbing is the fact that *RCI* is not an isolated situation. Two employees—a teacher and a principal!—in the Toronto District of Education are currently facing trial on sexual assault charges involving young students. While the Metro Toronto Separate and its employees in a court hearing in the case *RCI* has launched against the board, *La Nossa Nova*, provincial government authorities are defending it in another similar case action against school authorities across the nation of whom are already fighting back against prudish pronouncements when having sex is all that is left. It is one more reminder of how difficult the task is.

that guy  
ruined my  
whole day.

ation to a "children's self society" in statement of claim filed in court, the class and relies upon "the Ontario statute seeking \$1 million in general damages, \$100,000 in general damages and \$250,000 in punitive and exemplary damages. She says she suffered "severe emotional and physical harm" as well as physical abuse, ranging from beatings to incidents of crying. As the defendant served with notice earlier this month, legal proceedings had been com-

# People

Edited by  
BRUNA WICKENS



Seeger, the A-list incarnation of folk music

## A Seeger singalong

Ever since the emergence of Woody Guthrie in the 1930s, folk music has been a fixture of the North American scene. Peter, Paul and Mary, Bob Dylan and Joan Baez gave it a renaissance in the '60s, while Joni Mitchell and Gordon Lightfoot kept the tradition going strong in the '70s. Through it all, the legendary Pete Seeger has provided. Last week, the 78-year-old Seeger, son of an upstate New York State family who wrote such classic protest anthems as *It Ain't Half a Beverage* and *Where Have All the Flowers Gone?*, was the headliner at an evening celebrating the genre. The Folk Dreams Gala Concert at Toronto's Massey Hall included such diverse acts as Leadbelly, a Celtic band from Lethbridge, Ont., Alvin Youngblood Hart, a Mississippi Delta blues singer, singer Debbie, N.Y. folkie Ans Franscisco, and veteran Montreal singers/songwriters/multi-instrumentalists Kate and Anna McGarrigle. The spry, leg-jumped Seeger, did what he has always done best—he led the audience (and the other performers) in a rousing singalong of the classic *Amen*.

## Masters of the blues

Blues rocker Colin James is blues just a soldier when the sounds of the blues get loud in Toronto for a once-in-a-lifetime recording session in 1995. Such artists as Muddy Waters and the duo Sonny Terry and Brownie McGhee spent three days in a CBC television studio there—a special that was broadcast later that year. Now, after collecting their recordings for decades, the vintage tapes have been remixed and re-edited into a one-hour special that the CBC will broadcast on Feb. 23. Colin James' *Present the Blues*. Toronto-based James, now 32, grew up a fan of the blues and says he could not resist the opportunity to be the show's host. A particular highlight for him was sharing the stage—with mod-



James: "I did not want to be a showbusiness."

ern technology—with legendary icon Willie Dixon, who died in 1992 at age 76. "The tape just started rolling and I improvised and played along," says James, describing his addition to the original solo. "We only did the one song, though, because I did not want to be saccharine." Spoken like a true fan.

## Oscar looks beyond L.A.

For an event to be held in Hollywood, honoring Hollywood, it was all very un-Hollywood. When the Los Angeles-based Academy of Motion Picture Arts and Sciences announced its list of Oscar contenders last week, only one of the two movies nominated for best picture was from a major Hollywood studio—*In Star Pictures*, Jerry Maguire, starring Tom Cruise. The other four best-picture nominees came from independent studios. And among them, the movie set in Italy and North Africa



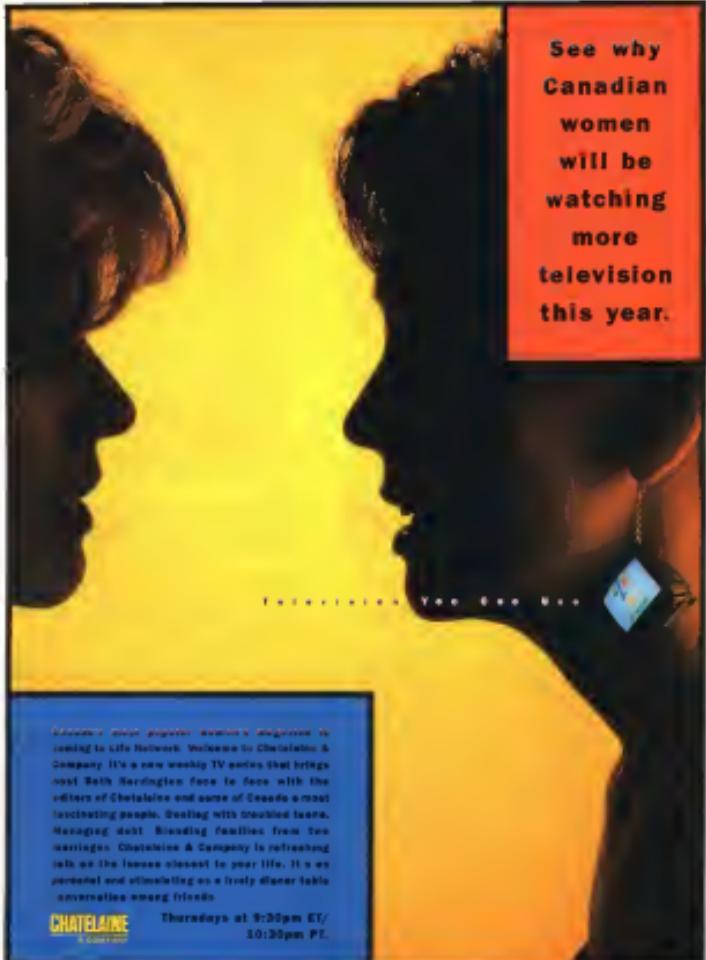
Scott Thomas: *Audrey* actress

by a British director with a French, English and American cast picked up the greatest number of Oscar nods in all. *The English Patient*—based on Toronto writer Michael Ondreje's award-winning novel of the same name—received 12 nominations. As well as best picture, these include best actor (Ralph Fiennes), best actress (Kathy Scott Thomas), best supporting actress (Juliette Binoche) and best director (Anthony Minghella). If the wartime romance emerges the big winner at Oscar night, Hollywood, no doubt, will then need to make *The English Patient*.

## The game is up in the Rockies

In the land where beef's long—energy Alberta—there are no less than such delicacies as buffalo goatrie, elk pâté and caribou caviar. In the vanguard of the movement towards a distinctive regional cuisine is Hubert Amonier, master chef of three Banff-area lodges and author of the newly published *Rocky Mountain*

Cuisine Cookbook. Amonier, 43, who was born and trained in Germany before moving to Canada in 1987, also insists on in-season ingredients—fruits and greens in summer, root vegetables and preserves in winter. And while his approach has earned him kudos for his wife, to Amonier it just plain makes sense: "Many chefs have creative overkill," he says. "I mean, who wants sautéed fruitcake?"



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BY SHANNON BROWN FORTNER

Gloria Grubling swears in the best way to beat a cold. At the first hint of a sneeze, a sniffle or a scratchy throat, the 48-year-old Vancouver art-school employee puts a zinc lozenge and lets the tummy, mainly-tasting metal dissolve slowly on her mouth. "It does make a difference," says Grubling. "I used to have a lot of colds and they would hang on for weeks. Now I have one or two a year." The difference between Grubling and thousands of other Canadians now trying alternative cold remedies is that she was an early convert. She began experimenting with zinc lozenges more than a decade ago, when only a handful of herbologists and health food dentists used them. "In the '80s, it was considered off the wall," recalls Grubling, while zinc-anti-cold armada also includes a vitamin C and echinacea—a popular herb touted as a cold preventive. "I would ask for zinc lozenges at a drugstore and people would say, 'What's that?' Now they are mainstream—many can buy them at a chain store."

Zone loozers are catching on faster than the flu in February. "People are starting to buy them like crazy," says Sam Brauner, owner of the Nutrition Plus Pharmacy in Edmonton. At the same time, health-conscious consumers continue to stock their medicine cabinets with echinacea—one of the best-selling medicinal herbs in North America, with estimated yearly sales in the tens of millions. "It's amazing," remarks Paula Proctor, a spokesman for Windsor, Ont.-based Jamieson, one of four Canadian manufacturers working overtime to meet the growing demand for natural cold and flu remedies. "Last year, sales of echinacea tripled in Canada, and for this year, sales are tripled over last year."

The site in the arm to the profitability and credibility—of out-patient ear infections was administered, surprisingly enough, by conventional medicine. Last summer, researchers at the Cleveland Clinic Foundation in Ohio published a study in the respected *Annals of Internal Medicine* suggesting that more ear infections—taken within hours of the onset of symptoms—last for the duration of a cold in half. "It works," claims pediatrician Michael Masterson, who led the study. "It's not what I'd call a cure, but it's a reasonable alternative to antibiotics."



## Cold comfort

## A mineral and a herb win supporters in the battle against the sniffles

But many Canadians appear willing to experiment with natural cold remedies even without a medical seal of approval. "I don't know if it's just homesickness or if it's desire for variety," says Linda Balloch, a Toronto mother who takes a sauna and gives it to her three-year-old girl during the winter cold season. "But my daughter never gets a cold...she may get a runny nose, but it doesn't become a full-blown thing." The Adyson, though, hope this education and this will strengthen their susceptibility to colds—so individuals can adjust their diet and exercise patterns that fit their own needs. "The average cold lasts about a week. Children, less than a month to the 700 or so viruses that cause the common cold—suffer twice as many," says Lee. "There is also a growing literature with modern medicine that says immunologist Tim Lee, head of a study on colds at Dalhousie University in Halifax. "There is an

back to traditional remedies which have been around for millennia. If they've been around that long, there very well might be something there."

For thousands of years, several North American native societies, including the Sioux and the Blackfoot, relied on substances to treat an astonishing variety of maladies. Some made tea to diuretics. Native healers would apply the root—the most potent part of the plant—either to aching bones, sore joints, or infected wounds. People usually known as the purple, coneflower, or compass plant, grew wild on the Prairies and in the woodlands across the continent. Now, the range of herbs, produced by commercial growers, is expanding, as is the use of them, especially as an accompanying remedy for prescription liquid extracts to capsules, chewable tablets, tea extracts to capsules, chewable tablets and gels and a new line of flavored drops and tablets called Glycerites. Herbalists continue to develop the use of *E. angustifolia* capsules and tablets as a remedy for a variety of health problems.

ered with *E. anguillarum* and *E. pallidum*—the same varieties used medicinally—and another schistosome more effective in liquid dried form. But all of them cost its sky-high colds and flu by strengthening the immune system. "The Health Protection branch [of Health Canada] recognises it for these therapies," writes Ibrahim, who studied

## Risks and benefits

When Connie Collier takes echinacea, she ignores the instructions on the label. "If I feel a cold coming on," says the 43-year-old Atlanta mother, "I just take it."

in the Colds section, I suggest you take 10 times as many, where the建议 you may take 15 drops every 10 minutes a day. Collier believes that if she follows the recommended 10 times a day, she would "still and easily" get rid of a cold.

and heading for two years in Germany, one owns Novartis Pharmaceuticals, manufacturer of omeprazole. "It's not a feel, it's not oil, it's science."

Dalbavancin's use, like many in my profession, remains unanswered, although it probably did alter the infection, says the microbiologist, a recent Harvard study in which laboratory mice were infected with a deadly virus. Half received large doses of echinocandins, and while the untreated mice died, "We know it works by injection," Lee says. "The question is—if you take it does it work?" The answer to that is *in vitro*—it knows. Although many of the hundreds of studies on echinocandins have encompassed penicillins, he reports that as yet no solid clinical trials have ever been shown to work.

problem, says Lee, is that researchers have strayed to identify echinacea's *active ingredient*. "He suspects that the polysaccharides—long carbohydrate chains—may be responsible for its immunomodulating properties. If that is the case, explains Lee, "I'm not at all surprised that it does not really become an oral tablet, because it needs to be broken down into polysaccharides. We break them down and they would absorb good." Still, he hopes his research will eventually identify echinacea's active ingredient and find a way to it effectively in an oral form. "I'm not so worried [about it]," adds Lee. "In fact, there's a cold in the lab. I'm getting a cold, and it's giving me a try."

It's interesting, however, that echinacea can cause an increase in a cold, right?" Well, says MacKinnon, the senior investigator at the Cleveland Clinic's study of 500 participants, that their immunomodulating

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Chantal Cabre, "you won't get the action I am looking for."

But Tim Lee, a Dalhousie University immunologist and head of a study on echinacea, says there is not enough standardization in substances produced to justify advice like that

approach. In fact, he says a capsule or a drop of ephedrine from the company may be as much as 1,000 times stronger than another brand. "It will appear on the shelves as 'Pan-ectol of 200 mg. of ephedrine,'" he notes. "So how soon should I take it?"

Alternative practitioners maintain that echinacea is non-toxic, even in high doses. But Lee recommends moderation—and following the directions that the manufacturers have chosen to put on the label. "It's a recommendation," he explains, "because the people producing it know that it can't do any harm."

70

# A lingering mystery



STEVE ROBERTSON: battle-induced stress and nerve gas are possible causes

## Why are thousands of Gulf War vets feeling ill?

**S**ix years after serving with the U.S. Army in the Persian Gulf, Steve Robertson is finally doing much better. He is back playing basketball and golf, and at 50 feet-tall and 220 lbs., he looks terrific but still. But for most of the five years after his return from Saudi Arabia, Robertson, now 47, was plagued with symptoms that have become all too familiar to those who track the mysterious ailment known as Gulf War syndrome: fatigue, diarrhea, chills, aching joints, memory loss, blisters on skin and a hacking cough. Robertson had them all. He had spent four months in the desert as a military police staff sergeant guarding supply depots. He was exposed to pesticides and thick smoke from burning landfills, and took an experimental pill designed to counter the effects of chemical warfare. And he started feeling ill before his symptoms were over. "I thought I had a flu that wouldn't go away," he recalls now in his Washington office, where he lobbies on the issue for the American Legion. "But after a few days, I couldn't shake it. At first I didn't even remember my own phone number. That's when I realized something was really wrong."

Something was really wrong for thousands of Gulf War veterans. Since 80,000 of the 200,000 Americans who served in the Gulf in 1990 and 1991 have reported concerns about their health with the Department of Veterans Affairs, about 25,000 are meeting disability payments. Roughly 1,000 British veterans of the Gulf war have told their government they health problems following the brief war in Iraq. From Kuwait. And about 150 of the 2,500 Canadians who served there—mostly among those who were in field hospitals or attached to U.S. units in Saudi Arabia—have also complained of symptoms.

Other service vets to have service health complaints. Two studies, by the Centers for Disease Control and the U.S. Navy, found higher rates of a host of symptoms—joint pain, chronic diarrhea, depression, skin rashes and fatigue.

Scientists and veterans' groups have compiled a list of factors that might be linked to those signs of illness. Some soldiers were exposed to smoke from burning oil wells, pesticides products, and a nerve-gas-depleted uranium from advanced allied weapons. Many were given vaccines against such diseases as smallpox with pesticides. Otherwise, Robertson, whose condition improved a great deal after he started taking anti-anxiety medication—looked taking anti-anxiety medication.

ANDREW PHILLIPS/for Washington

disulfonate bronide. Prescribed to combat the effects of a possible Iraqi nerve gas attack, the drug was experimental—but Iraqis were not told that at the time.

Now, researchers are concluding that at least some of the sick veterans may be suffering the effects of combinations of those drugs and chemicals. Among the soldiers that scientists at the University of Texas and Duke University studied, some had worn pet flea collars, others believed they had experienced a chemical weapons attack, and a third group used heavy doses of a bug repellent containing diethyl, an ingredient of many continental repellents. All appeared to be suffering from symptoms of a nerve disorder called trigeminal-phrenic-induced reflex or trigeminal-pain, a condition that scientists have long associated with pesticide use.

But most of the new studies of Gulf War illness do not address the possibility of exposure to chemical weapons—a factor that many veterans consider crucial. For years, the Pentagon insisted it had no evidence that any U.S. servicemen had been subjected to liquid chemical agents. Then, last June, it announced that an analysis of 20,000 image maps have been exposed to nerve gas in March, 1991, when U.S. troops engineers blow up an Iraqi ammunition bunker at Khafra, a southern town. The Pentagon and US inspectors had just discovered that the bunker contained mustard gas and nerve, a deadly nerve agent. That statement destroyed the defense department's credibility in the eyes of many veterans.

Other scientists, including members of a special committee appointed by President Bill Clinton to review the evidence, point to another difference. In a report to Clinton, they say the research is too suggestive that psychological stress is likely a "major contributing factor." Dr. Michael Hedges, an internist at the University of Connecticut and a consultant on Gulf War illness to the American Legion, notes that after past wars, it took months for many soldiers to return home, giving them time to talk out their experiences with their comrades. But after the Gulf War, many were back within days—bringing the stress of war with them. Many veterans' groups point that local associations are the most common causes of their afflictions. Hedges disagrees. "It's intriguing that there is a psychological component," he says. "It doesn't mean it's any less real." But Gulf War veterans who have had that feeling for half a decade are still waiting for explanation.

# Sophisticated lady

Diana Krall has got the jazz world on a string

**D**iana Krall, the jazz sensation from Nanaimo, B.C., is cool. "I'm not a sort of perpetually tired," says the 32-year-old who has won a nomination for best jazz vocalist at the Feb. 28 Grammys. "It's been a bit overwhelming" full of interviews and shows, and I'm still working out the material for the new recording I'm doing at the end of February." Krall has spent much of the past two years on world tour with five live appearances and a bad case of laryngitis. These have been precious little time to see family and friends, although the singer-actress talks to her parents back home in Vancouver twice "every other day, at least." As for a significant other in her life, New York City-based Krall says: "I don't, I don't even have a place. It's like everything now." Then she stops and smiles. "But I want to make it clear, in case I haven't already, that I'm having a lot of fun."

Like most overnight sensations, Krall has been paying her dues for quite a while. Her debut album, *All for You*, a collection of finely nuanced interpretations of lesser-known Nat King Cole tunes, has made her the subject of much "hot new jazz" media coverage. But the predominantly poised Krall has been performing for most of her life—acting a stage as a 12-year-old solist at a Nanaimo amateur whiz-past great Ray Brown walked in. Brown, a world renowned bassist once signed to Ella Fitzgerald, had been brought by a friend to hear Krall play. The evening was the beginning of a long association that included a number 3 spot earlier that month. Late last year, *Down Beat* magazine, the jazz bible, placed Krall third in its annual readers' poll, surpassing Ella Fitzgerald (that's an indication). Krall says, "You don't beat Ella Fitzgerald; it's not about competition. It's just a sign that you're somebody's favorite right now." And her CD has sold 180,000 copies worldwide, a surprise in a genre where 16,000 copies is considered more than respectable. She has



KRALL: FROM NANAIMO TO A TOP-SELLING CD AND A GRAMMY NOMINATION

been the subject of numerous profile and reviews, including one a few days ago that focused as much on her looks as on her playing. One U.S. magazine compared her to Sarah Vaughan and pointed about "lovely golden hair and a seductive glaze." But all of it easily gets Krall's attention, even rousing about her accomplishments as a social and parent.

These accolades are well deserved. Krall's solo sides evince fluidity, grace and a beat. While she is the first to admit that her singing is not yet "I'm not a better," she says, her phrasing and inflections can make one of song sound startlingly fresh. And Krall's dexterity at the keyboard makes it easy to forget that there have been remarkably few jazz pianists who play and sing with equal ease among them are some of Krall's idols, Shirley Horn, Carmen McRae (whom Krall is frequently compared), Nina Simone, and, of course, Cole Porter—a sought-after guitarist Russell Malone, who plays on the Cole's album and has performed with Krall from Mexico to Japan, says that her road and instrumental talents go hand in hand. "I think one of the reasons she sings the way she sings is because she is a musician—because of her ability at the piano."

If Krall's renditions and arrangements of jazz standards have a ring of authenticity that belie her years, part of the explanation is in the fact that she grew up steeped in jazz and pop music. Her father, accountant and amateur pianist James, and another, teacher librarians Adella, have a vast collection of records and sheet music. When Krall was growing up in Nanaimo, the whole family, including younger sister Michelle, would go up the stairs to Krall's grandfather's house to play piano and sing, with the music of Fats Waller a perennial favorite.

At school, her musical education broadened. Band teacher Bryan Sill recalls hearing her when she was 15. "Four bars into her first solo," he says, "I knew she was destined to be at least an excellent jazz player." When Krall was 16, Sill was introduced her to Toronto pianist Don Thompson (with whom Krall would eventually study for two years) and lent her albums by pianist Miles Davis, Charlie Parker, Bill Evans and George Peterson. "I think with great talent like that you can be forgotten if you go the mainstream route," Sill says. "She was concerned with the whole group."

That intent and passion won Krall a scholarship at 17 to Boston's prestigious Berklee

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## MUSIC

College of Music, which she attended for a year and a half. Mentor Roy Brown suggested Krull study with pianist Harry Belows in Los Angeles, which she did in 1984 with the help of a Canada Council grant. After three years in L.A., Krull moved to Toronto to study with Thompson and perform at local clubs. By 1990, she had moved to New York but played most often in Boston, where she finally felt comfortable enough to sing as well as play piano. "I was working seven hours a night, three hours as a pianist and four with a 'vo' [vocalist],'" she recalls. "I really gave up on piano because it was so difficult to sell on the road, and..." During the same period, she made two CDs, *Stepin' Out* (with Macmillan's Justin Time Records) and *Only Your Heart* (KRF? Records) in the United States, which brought Krull out of her Canadian contract and released *After You* under its imprint label.

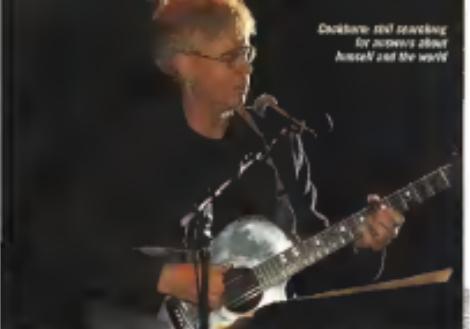
Krull speaks openly of just and its possibilities. Discussing *After You*, she says: "We're not trying to re-create the Nat Cole [Tillotson] album, it's more about the beauty of the music, the joy in it, and the simplicity, which is the hardest and most complex thing to achieve." Her intensity about her music is learned by a down-to-earth manner, a refusal to let the words go to her head. She says that she is thrilled to be making an appearance in March on Garrison Keillor's U.S. public radio show, *A Prairie Home Companion*—a family favorite along with several CBC Radio programs. "Keillor came to see my show in St. Paul," says Krull, "and wrote me a complimentary note on a napkin. I was so thrilled I called my mother."

Her close family ties are what keep her grounded. Krull says, "Last May her [step]mother was diagnosed with multiple myeloma, which has since been successfully treated with a bone marrow transplant." So despite the Germany association and everything else, it was a very "mixed year," she says. "When terrible things like that happen, it shows you what's really important. And it taught me a lot about love and strength and kindness. Things I saw while my family went through this." Playing music, Krull adds, was great therapy, "something that helped me work out all that angst."

As she heads up to New York studio next week to record, Krull is still deciding which songs she will perform. She spends hours listening to an eclectic group of musicians, everyone from Stevie Vaughan to Jimi Hendrix to Loreena McKennitt. "Choosing the right material is the most joyful part," she says. That may be true for Keillor herself, but for her, the most joyful part is letting go, letting what she does with it.

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## Singing in the dark

### THE CHARITY OF NIGHT

Bruce Cockburn  
(True North/MCA)

One mark of an enduring artist is his openness to change and his ability to reinvent himself. Over the course of a long, stellar career, Bruce Cockburn has varied his sound and tried on new images almost as often as David Bowie, pop music's ultimate chameleon. There has been Cockburn the pastoral fiddle (Going to the Country), Cockburn the rockie Christian (Joy Will Find a Way), Cockburn the urban graffiti (If I Find a Rocker Loverboy) and Cockburn the environmental crusader (We're Free-Ed). Stylistically, his work has run the gamut from folk and jazz to blues and rock. Through it all, the Ottawa-born artist, now 50, has remained remarkably true to his music: writing songs that search for answers about himself and the world around him.

With his 20th album, *The Charity of Night*, Cockburn the surreal explorer has taken his easy physics to produce an album of dazzling intensity and depth. The album opens with the visceral tag of "Night Train," pulling the listener into the dark, dreamy world that pervades much of his recording. Over a shuffling beat, Cockburn sings about escape and isolation with the striking imagery of a Raymond Chandler novel: "I can only re-enact stories, never the stories that I live." He concludes on his penultimate bluesong, "I'm a

man with a guitar and a guitar case, a man with a guitar and a guitar case." The Charity of Night ends with a bluesy, brusely turning expert, once into stanzas songs.

NICHOLAS JENNINGS

# Ghosts of the land

Unearthing history in a desolate patch of Ottawa

## AN ACRE OF TIME

By Phil Jenkins  
McGraw-Hill Ryerson,  
247 pages, \$29.95

**T**here were those, no doubt, who took Phil Jenkins for just another migrant. Between 1830 and 1850, he could often be glimpsed prowling around the wastelands of LeBreton Flats, skinned a few hundred metres up the Ottawa River from the Parliament Buildings. At

ally available and forgot its own landscapes. By an act of scholarship and imagination, Jenkins has created a meaningful "here" for a tract of land that, to all purposes, becomes a kind of nowhere, a navel, vacuous unnoticed by the colonizers who speed by it. He has re-populated it with names and ghosts, and has established a depth and richness of time that the hurried press all too frequently lacks.

In a sense, Jenkins's book is not just about a certain area of Ottawa, but about the whole



Jenkins: here  
people,  
Champagne,  
for  
themselves, settlers

modern world, and especially North America, where the destruction of the past has been, until fairly recently, hidden and un-thinking. But by focusing on the site of LeBreton Flats, and—as much as possible—an one small acre at the heart of it, Jenkins has reduced history to a more intimate, poignant scale. And he does this partly by presuming the acre itself, turning it into a sort of witness of the most changes the world around and over it. Three and a half in his book are glimpsed, writing in the great pan-forums as Champagne plots by in a navel sense, or watching the ranges of the Pigeon during his 1854 visit—and as a long walking ground.

The great pleasure in Jenkins's book lies in the balance it provides to the modern world's tendency to perpetu-

ally imagine and forget its own landscapes. By an act of scholarship and imagination, Jenkins has created a meaningful "here" for a tract of land that, to all purposes, becomes a kind of nowhere, a navel, vacuous unnoticed by the colonizers who speed by it. He has re-populated it with names and ghosts, and has established a depth and richness of time that the hurried press all too frequently lacks.

In a sense, Jenkins's book is not just about a certain area of Ottawa, but about the whole

The best parts of *An Acre of Time* claim the histories of relatively obscure individuals—some of them still alive—who once lived on, or even owned, the river flats. His road affecting chapter concerns Constant Pernot, an Algonquin chief, and one of the last native people to actually hunt and trap in the area. Over the years, this Bush largely ignored Penney's complaints that settlers were encroaching on his lands in the east—despite heroic service to the British in the War of 1812—Penney and his people had become impoverished fugitives, hiding among the few scraps of forest left standing by the region's voracious lumber industry.

There are many other striking figures in the book, including John Stegman, the hard-luck surveyor whose struggles to subdue Penney's forest tree lots are vividly revealed. Jenkins also writes well of John Letford, an early developer after whom the flats are named. The accumulative effect of such stories is quite powerful. Caught in a sweep of time as much larger than themselves, Jenkins's protagonists illustrate the old biblical adage that man's liver is as transient as grass. Seen from such a perspective, the idea of average land values almost absurd: it would be more accurate to say that the land owns its owners, for as that eloquent boor makes clear, it is the land alone that endures.

JOHN HEMINGWAY

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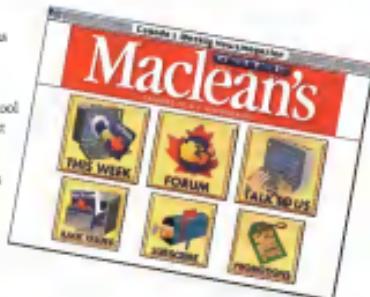
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WHAT MATTERS TO CANADIANS

## Films



NICK CASSAVETES,  
Amberla's father

## The Cassavetes' queen

On the above expect justice from awards. But with last week's announcement of the Oscar nominations, there was a nod to actress Mo, and Moira (who would need a special category for best lip-synch artist), or even Courteney Love (behind-the-scenes recognition for *The People vs. Larry Flynt*). No, what we're most gratified in is that the Academy managed to overlook a stellar performance by Gina Rodriguez, the most prodigiously talented American actress of her generation. Rodriguez, 22, has been nominated twice—for *A Flrousse Under Her Influence* (1994) and *Gloria* (1995), both of which were directed by her late husband, John Cassavetes. But she has never won an Oscar. Her latest film, *Unhook the Stars* (which will US screens this year in time to be eligible), would have afforded a perfect opportunity. Directed by her 25-year-old son, Nick Cassavetes, she delivers one of the most personal, and touching, performances of her career. And Cassavetes, as ever, trails his first born behind the camera, always flushed of his son's brilliance.

Rodriguez stars as Mildred, a suburban widow living an empty life. She shows up for an interview elegantly attired in a black suit, blazer and skirt and matching fingerless gloves, a strand of diamonds dangling from a large ring. And she levels the interviewer with a penetrating gaze that manages to be both warm and imperious. Her son, she

says, wrote *Unhook the Stars* specifically for her, and the role cuts close to home. "There are always parts of you in everything you play," she allows. "But certainly this one is really identifiable. I have [three] children who are grown, my husband's dead, and the reached that will pull people reach that you have to jump over to walk around."

At one point during the shoot, she recalls, she questioned the director about the many scenes in which her character reads to the child from an encyclopedia. "I said, 'Nick, this child is too young to be reading an encyclopedia,'" he said. "Mo, you read me an encyclopedia from the time I can remember. You'd tell me to go put my finger on something and you'd read it to me." Rodriguez laughs. "I realized that it was part of that mother instinct, that you want to teach your child every single thing in the world."

Nick Cassavetes is a guy up around nerves,

for his father often used the family home as his set. And some of the talent he's吸引ed to "They're very��ing actors who've robbed off." Their way of handling actors is very similar," says Rodriguez. "Both John and Nick are crazy about actors. They're very warm and expressive, very pleased

when you do something they like. But Nick is much stricter about sticking to the script."

Today, as a 25-year-old director, the idea of John Cassavetes seems to have worn off. "Nick and Gina would always be talking about him," she told *Maclean's*. "They'd say, 'He's making an 'one' or 'He's in love' at an event—you know, it's something very wrong.' The style of *Unhook the Stars* is sweeter and lighter than the more psychological drama portrayed by John Cassavetes. But Nick, shooting without sets or location on Salt Lake City, creates a dramatic and lush evocation of his father's work. And he's second to none. She's at *Love* when he just finished shooting with Rodriguez, based on a script by his father, who died in 1988.

John Cassavetes pioneered independent American cinema. Working as an actor in such Hollywood movies as *Barney's Baby* (1968) and *The Dirty Dozen* (1967), he used his fees to finance his own low-budget films, usually starring his wife. He shot in a documentary style, with actors who had to be characters out of improvisation. Since the 1980s, American independent cinema has become a much

part of the mainstream culture as "alternatives" rock. It is easy to pick out the influences—Drama Bloopers' *Boyz N the Hood* (1991), Martin Scorsese's *Mystic River* (1993), Steven Soderbergh's *Sex, Lies, and Videotape* (1989), Quentin Tarantino's *Reservoir Dogs* (1992). But it all began in the 1960s with Cassavetes—and an extraordinary actress who is still proudly carrying the banner he

A film artist's  
widow and  
son carry  
his torch

BRIAN D. JOHNSON

## Honeymoon sweets

## Tart Aussie charm beats out Indian treacle

**F**inding a good date movie—a love story with sex, humor, romance and a tinkle of intelligence—is almost as hard as finding love itself. Here are two earnest-colored valentines from the other side of the world that are for the heart with wildly different results—Australia's godly *Hotel de Luxe* and India's opaque *Queen of Katwe*. Both films are funny. But the heart transplant is only in one of these. *Hotel de Luxe*, a funny comedy set in a honeymoon hotel, slopes along with an interesting wifey. *Queen of Katwe*, an earnest, fable set in a 19th-century baronial, is an upended *Braveheart* fest at epic clische.

*Hotel de Love* offers yet more compelling evidence that there must be something in the water, or the sunspot, of Australia that gives its film-makers a quirky edge. Writing and directing his first feature, Craig Bassingthwaite strikes a clever balance between comic, bawdy and unbendingly passion-



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that is reminiscent of Ben Luttrell's 1969 hit *Steely Dan*. But Silverberg's script was inspired by a visit to Niagara Falls, Ont.—where a hotel manager rescued him

*Poor Wedding and a Funeral* And the co-hotel, with bedrooms designed as sad caves, as a *scène*. But, and *camp*, what a most surprising about its fiction is its *art center*. The *marley* play as he arterial, flat-out *monologue*. *Hold the Line* a remarkable *package*.

*Kama Sutra*, which takes its title from an ancient Indian sex manual, could take a cue from the Australianism—comedy nakedness remains more palatable, India-born writer-director Mira Tucker loves head-on, with a future of sexual posturing and moral peripety.

Nair (*Selvaraghavan*), Misra (*Musale*) has come on an errand to shoot a serpent. Maya (Disha Vakani) grows up as a monstrous rival to a prima *Tantri* *Santa Chaudhury*. After studying erotic arts at a kind of *Karma Samsa* academy, Maya becomes a courtesan to her husband, the debauched Bal Singh (R. Andrews). But while serving time in fleshpot, she falls to a royal soldier (manu Trivedi), a Fabio-like fraternal career-brotherhood woman in stockings with a few *lalitamandir*

The film has its merits. As a species it has a certain grace and decor, if not always and beyond the skin, it is a drama of eyes. But the eyes soon glaze over. There is the depth of a daytime soap. The actors behave and their looks make honey. And the erotic scenes are not the coy reverie of *Playboy* than a kaleidoscopic *Klaus Sutty* 80. It is a treat to have made a boring movie.

with tales of swashbucklers whose garments had collapsed there. Set in Australia, the story revolves around Rock (Aden Young) and Stephen (Steve Buscemi), fraternal twins who fell in love with the same dream girl, Marlene (Samantha Barksom) and have a mysterious flag while Stephen is away with unrequited, and unrequited, love. Two years later, Stephen is still yearning after his Rock, meanwhile, is the cynical and lecherous manager of Hotel de Luxe, a tacky barge-palace where "show" names and a three-story-cast iron called Nansen Soule.

The brothers plainly remain at the hotel to witness the beginning parents review the wedding vows—which the clerks are watching “anxiously.” The attendants shake the association women back into the car wreck. But when long lateness and a Melissa checklist in a few hours to go, the wrennating Reeds and the numerically strident Stephens are back in the room, awaiting the last drama.

**FEAR** **WALKING** **in** **a** **Funeral** **Home** **Hotel**, **with** **bedrooms** **designed** **as** **coffins**, **is** **in** **style**. **But**, **and** **camp**, **what's** **most** **surprising** **about** **this** **option** **is** **its** **cost**. **The** **mainly** **monthly** **rent** **is** **an** **astonishing** **package**.

*Kama Sutra*, which takes its title from an ancient Indian sex manual, could take a cue from the Australians—comedy makes romance more palatable,本土-born writer-director Michael Gudinski loves head-on, with a smattering of sensual posturing and moral peripety.

Nair (*Selvaraghavan*), Misra (*Musale*) has come on an errand to shoot a serpent. Maya (Disha Vakani) grows up as a romantic rival to a prima *Tantri* Chaitanya. After studying erotic arts at a kind of Kama Sutra academy, Maya becomes a courtesan to her husband, the debauched Bal Singh (R. Andrews). But while serving time in fleshpot, she falls to a royal soldier (man Trivedi), a Fabio-like fraternal career-brotherhood woman in stockings with a few eccentricities.

The film has its merits. As a species it has a certain grace and decor, if not always and beyond the skin, it is a drama of eyes. But the eyes soon glaze over. There is the depth of a daytime soap. The actors behave and their looks make honey. And the erotic scenes are not the coy reverie of *Playboy* than a kaleidoscopic *Kama Sutra*. Still, it is a feat to have made a boring movie.



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# Allan Fotheringham

## Chrétien: he gets along by going along

**T**he chickens always come home to roost. So it is with the Minister of the West, Kim Campbell, who has turned in her heel on the Chrétienites who inexplicably rewarded her with that plump ministerial post in Los Angeles as the Canadian consul general.

Now she's囊apping her pig off about her outraged antennae in the Somalia force and the maturing envoys at the PMO are reportedly advising her either to shut up or resign her post that—strangely for a Liberal pose-mooster—was given to a Tory.

It reveals all you want to know about Jean Chrétien. He believes in process. And tradition. And the Old Boys network (and when necessary, the Old Girls network). Imaginative has never raised his vocabulary—which is learned at home. When in doubt, he takes the safe route out.

This issue of the greatest concern in Canadian political history, probably the issue since Mackenzie King was found out to be talking to his dead mother and his dog for political inspiration. Our current Prime Minister, some time this year to be anointed for a second term, wears the finest conservative camouflage ever braided by a Liberal leader.

In his native It is his natural inclination. As the only citizen in the country who can speak either of the two official languages, he is continually astonished at how he has surprised his Prime Minister. He succeeds by disarming his true auditors.

The reason he put the tickling hand grenade to Canada's representative in California is because he believes in the game—that's what rewards him. He left Campbell, after all, his most recent post as a government minister—of only for three months—and deserved some reward. Money, because the cooler fiscal climate the world. Notwithstanding his party, without a parliamentary position because like bats have never been in the Commons long enough to qualify, without the postgraduate qualifications to get a university job, not wanted by her old law firm.

Chrétien who tries to take care of his own—so he has been—first tried to purchase for me the Moscow ambassadorship. The part striped types in Foreign Affairs were busier, anticipating the commissionership now agreed to Los Angeles.



Campbell is only a symptom of the Chrétien personality flaw: an occurring obscurantism in disillusioned waters. He believes sincerely in the winning route to the top—first, office boy, then messenger with the coffee, moving on up to flunky, and so on, each gradual step to the top. Daring insights and brave innovations are always to be avoided.

When Bill Clinton came to Ottawa to deliver his address to the Commons, he said that he was astonished when his staff showed him Chrétien's staggering number of cabinet positions. "I wondered," said the president, "whether this guy could ever keep up."

The crowd loved the pfc, as did Chrétien, but beneath the set was the truth. Chrétien first entered Parliament at age 29, had been through nine portfolios before becoming PM and to this day not a single acrylic can has ever cast single inflation or reasonable principle or recognizable lost profit that anyone can recall.

He gets along by going along. In this, he has been guided by his entire political career by Michael Sharp, who is now approximately 304, the most solid conservative ever hidden within the Liberal Establishment.

Chrétien has told every single journalist who has ever interviewed him the story of how Sharp took him to his first cabinet session and told him to sit in the corner. On entering, Sharp advised the minister that all cabinet deliberations were secret and he was not to mention a thing. "Then, sorry," Chrétien recalls the moment, "I didn't understand a God damn word."

It always gets a laugh—and reinforces the fair image of the little guy from Sonderborg as a populist. He is about as much a populist as Bill Cosby has proved to be. The reason his government, with its massive majority, has proven to be such a disappointment is that he is such a traditionalist so cautious afraid to promote anyone who has not gone through the same office-clerk route as he went through.

It is the reason why—having seen a 56 of Chrétien's 98 seats—he refused to pluck out of his lack-bunch some of the strayed bright minds. And sticks with such ditherheads as Art Eggleton and (tragically dismissed) David Collenette, whose man used to be Chrétien in that Collenette's wife is in charge of Liberal patronage.

Since the promising Allan Rock's career has been ruined by the Mulroney/Arthur fiasco, it means Chrétien is a very well army late-brown seat to the organization of his party—a single strong Toronto minister from the Ontario and western city at the least. With this kind of government, it takes some shift to manage that.

The like populist disappeared in that now-dowm-trodden CBC town hall disaster. We have a conservationist running a supposedly Liberal government. And the her last listing for the job is Paul Martin—who is trapped in a Quebec riding while 75 per cent of the population doesn't want you another prime minister to come from that province (as has happened for 28 of the last 29 years.) Oh dear.



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